



# DESCHUTES

INVESTMENT CONSULTING, LLC

Deschutes Investment Consulting LLC  
Form ADV Part 2A—Disclosure Brochure for Institutional Clients  
March 29, 2013

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This brochure provides information about the qualifications and business practices of Deschutes Investment Consulting LLC. If you have any questions about the contents of this brochure, please contact MacGregor Hall, our Chief Compliance Officer at (503) 548-2101. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment advisor does not imply any certain level of skill or training.

You can find more information about us at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2—Material Changes

This item identifies and discusses only those material changes that have occurred since the last update of our firm brochure, which was dated March 29, 2012. Since that date:

- Because certain aspects of our services depend on the type of client (such as our fee schedule or brokerage practices), we have separated our firm brochure into two versions—one for institutional clients and one for individual clients. This version is for institutional clients.
- Mike Walters joined our firm as a Retirement Plan Consultant.
- David Foster is no longer employed by our firm.

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## **Item 4—Advisory Business**

### **The Company:**

Deschutes Investment Consulting, LLC (“we”, “us”, or “DIC”) has offered professional investment advisory and management services since we were formed in 2011. We have been registered with the SEC since 2011. We are 100% owned by MacGregor Hall, our President.

### **Advisory Services for Corporate Retirement Plan Clients:**

Deschutes Investment Consulting LLC (“DIC”) provides retirement plan consulting services including investment due diligence, market analysis, provider search and fee benchmarking, personalized participant education and advice, and regulatory compliance consulting to qualified and non-qualified corporate retirement plan Clients. We provide primarily discretionary services with some Clients receiving non-discretionary services based on the scope of the engagement.

### **Investment Management**

We maintain discretion for the selection and ongoing monitoring of investments offered within the retirement plans we advise including creating and monitoring asset allocation models. We accept 3(38) Investment Manager fiduciary responsibility for these duties in writing with each of our Clients. Our services do not include oversight or advice with respect to employer securities or company stock nor are we a fiduciary in regards to any single security offering available in a plan.

We provide our Clients with ongoing documentation supporting our investment due diligence in a regularly prepared Fiduciary Investment Review report. We have an established investment due diligence process that is consistently employed in the selection and ongoing monitoring of funds for plan sponsors and individuals, accompanied by an investment policy statement that defines the process utilized to guide decision making in the management of the plan investments offered.

We may employ many different calculations, processes, and screening techniques, to arrive at specific recommended individual investments within the array of choices offered by each investment provider that is being analyzed.

We provide each of our Clients with an Investment Policy Statement and will inform you when, and if, there are any changes to this policy. In addition, we will provide our services with the objective of meeting our and our Client’s fiduciary obligations under ERISA Section 404(a) and with the intent of meeting the requirements of ERISA Section 404 (c).

## **Employee Plan and Investment Education**

We provide group employee enrollment and investment education to the participants of our Client's plans. The goal of this process is to help employees make educated and informed choices about the plan and investment allocation under the investment guidelines set forth by the U.S. Department of Labor. Meetings are offered on a(n) annual, semi-annual, quarterly, or as requested basis. The scope of the meetings will be group and/or individual, and will be conducted on-site and/or as data conferencing.

## **Employee (Participant) Investment Advice and/or Asset Allocation Models**

We will create, monitor, adjust (when prudent), and rebalance asset allocation models ("Models") for participants to use in making asset allocation decisions for their investment portfolios. Whether the Models are used as stand-alone tools or used in conjunction with the delivery of investment advice, they are designed to have different investment objectives based on risk level. To meet these varying investment needs, participants and beneficiaries will be able to elect to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum.

The goal of the investment advice process is to assist Plan Participants in finding the asset mix which is most likely to meet their investment objectives within acceptable risk parameters. Asset class sub-types can include domestic large cap value equity, domestic large cap growth equity, domestic mid-cap value equity, domestic mid-cap growth equity, domestic small cap value equity, domestic small cap growth equity, international equity, core fixed income, short term fixed income, high-yield fixed income, and other appropriate asset classes and investments.

We will direct the rebalancing of asset allocation Models on a quarterly basis. Participants and beneficiaries alone bear the risk of investment results from the options and asset allocation that they select.

## **401(k) Proposal Vendor Research and Analysis**

We may assist Clients with the selection of plan provider(s), based on detailed research and analysis of several vendors. The vendor review process includes an evaluation of administrative, recordkeeping, compliance, and employee communications services, administrative and investment-related fees, and an investment overview that incorporates a very similar analysis to the investment due diligence process described above.

## **Market Review**

DIC provides our Clients with quarterly market reviews to help inform and educate our clients on the performance and events surrounding the capital markets.

## **Fiduciary Role under ERISA**

For those services stated under Investment Management, DIC is a fiduciary with respect to the Plan under Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Our fiduciary duties are limited to the selection, mapping, monitoring, and replacement of plan investment options for which we have explicit authorized discretionary control.

We are not responsible for investment decisions made by individual Plan participants with respect to the investment of their accounts and/or investment into a model portfolio managed by us, if applicable. We are also not responsible for any fiduciary duties or responsibilities imposed on a Plan's fiduciaries under ERISA not explicitly stated in our Investment Advisory Agreement.

## **WRAP Programs**

DIC does not sponsor a WRAP program nor does DIC act as an investment adviser or provide investment advice to a WRAP program.

## **Tailored Relationships**

The goals and objectives for each client are documented in investment policy statements that are created to reflect the stated goals and objectives of the client. Clients may impose restrictions on investing in certain securities or types of securities.

## **Assignment of Investment Management Agreements**

Agreements may not be assigned without client consent.

## **Non-Managed Investments**

In rare circumstances we will allow clients to transfer securities of their choosing into accounts that we oversee. When clients do so and instruct us not to sell these investments, we do not provide any ongoing advice or oversight of these investments. We allow clients to hold these Non-Managed Investments purely as a convenience. These Non-Managed Investments are identified in writing to the client and the client is advised they, not Deschutes Investment Consulting, LLC are responsible for oversight and selling the investments. We do not charge an advisory fee on Non-Managed Assets. Your account Custodian might charge fees on these assets.

## **Termination of Agreement**

Our agreement may be terminated by either party upon ninety (90) days prior written notice. DIC bills for fees in advance of each quarter. In the event of a termination that takes effect at any time other than the last day of the quarter, the fee charged by Deschutes for such quarter will be prorated from the first day of the quarter to the effective date of the termination.

## **Assets Under Management**

As of March 1, 2013, we manage approximately \$511,000,000. Of this amount, approximately \$72,000,000 is on a discretionary basis and 439,000,000 on a non-discretionary basis.

## Item 5—Fees and Compensation

For DIC's services a client will pay a fee based on either the market value of the Plan assets, or a flat fee in accordance with the schedule of fees described and selected below unless otherwise agreed to by both parties. Our fees are negotiable and may vary according to the facts and circumstances including the scope of services to be provided, the duration of services and the size of the client (number of employees, plan or individual assets, and other demographic factors).

Under these services, clients may be charged a flat base fee plus a percentage of total Plan assets, based on the sliding scale below. Therefore, clients will be charged a total fee that is the sum of the base fee and the appropriate percentage fee for that portion of the Plan which falls within the ranges specified below. We may receive fees directly from a client (plan sponsor or individual), for providing any or all services. Fees may be paid on a one-time only or ongoing basis, depending on the scope of the services, and the desired length of time that those services will be provided.

### **Fee Structure**

#### **Asset-based Fee**

Asset-based fees may be charged based on the market value of the plan assets and may range from 0.05% - 1.25% of Plan assets, depending on the scope of the project and duration of services.

#### **Flat Fee**

A flat fee may be charge ranging from \$2,500 – \$500,000 or more depending on the scope of the project and duration of services.

#### **Per-participant Fee**

A per-participant fee may be charged ranging from \$150 - \$250 or more depending on the scope of the project and duration of the services.

#### **Hourly Fee**

An hourly fee may be charged ranging from \$250 - \$350 per hour depending on the scope of the project and duration of the services.

Fees are billed in advance and can be paid by the Plan or Plan Sponsor.

Clients may be paying fees different than those above as they are based on historical fee schedules. Any fees paid in advance but are unearned shall be returned to the client prorated to the date of termination.

As a result of DIC's recommendations on mutual funds or other managed products and the subsequent purchase of recommended products by the clients, representatives of DIC may earn brokered compensation through a registered broker dealer with which they are licensed. These fees include transaction compensation, 12b-1 or other related fees as applicable. The individuals transfer the fees that are generated by the sale of mutual funds or other managed products to DIC. The respective fees owed by the clients (per the above schedule or a negotiated schedule of fees for DIC's services) are then reduced by the amount of the fees they generated by purchasing the mutual fund(s) or managed product(s). The client pays no additional fees due to the brokerage arrangement between the associated persons of DIC and the broker dealer.



**Other Fees**

The client will likely incur fees from brokerages, custodians, administrators and other service providers. These fees are incurred as a result of managing a client account and are charged by the service provider. The amount and nature of these fees is based on the service provider's fee schedule(s) at the provider's sole discretion. These fees are separate and distinct from any fees charged by DIC.

DIC may provide advice on mutual funds, ETFs, and other managed products or partnerships in clients' portfolios. Clients may be charged for the services by the providers/managers of these products in addition to the service fees paid to DIC. The fees and expenses charged by the product providers are separate and distinct from the management fee charged by DIC. These fees and expenses are described in each mutual fund's or underlying annuity fund's prospectus or in the offering memorandums of a partnership. These fees will generally include a management fee, other fund expenses and a possible distribution fee. No-load or load waived mutual funds may be used in client portfolios so there would be no initial or deferred sales charges; however, if a fund that imposes sales charges is selected, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or variable annuity or investment partnership directly, without the services of DIC. Accordingly, the client should review both the fees charged by the funds and the applicable program fee charged by DIC to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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

DIC and its employees do not accept "performance-based fees" (fees based on a share of capital gains on or capital appreciation of your assets).

## Item 7—Types of Clients

We generally provide advice to the following types of clients:

- Corporate pension and profit sharing plans
- Individuals, including their trusts, estates, individual retirement accounts (IRAs), and self-directed 401(k) accounts.
- Endowments and other charitable organizations
- Corporations and other businesses

### **Minimum Account Size**

We generally require a minimum of \$5,000,000 to open an institutional account (or group of accounts). We reserve the right to waive these minimum requirements at our discretion.

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

### General

We believe that asset class diversification is the key determinant for long term capital preservation and growth. We will work with you to develop and refine your investment objectives to assist us in making investing decisions for your portfolio.

We invest our clients' assets primarily in low-cost, institutional class, no-load, open-ended mutual funds; ETFs, and Separately Managed Accounts. Our core expertise is in combining multiple fund managers in order to build a diversified portfolio matching your risk parameters. We favor ETFs, open-ended mutual funds, and separately managed accounts for several reasons:

- Legally required diversification within a fund (per the '40 Act), reducing risk of loss that comes from concentration
- Lower fees than many other types of structures
- Daily liquidity
- Many institutional, low-cost investments are available on the platform we use for most of our accounts Charles Schwab & Co., Inc. (Schwab)
- Access to many types of strategies beyond traditional stocks and bonds.

### Manager and Fund Selection Process

We utilize a four step Manager and Fund Selection Process with final manager selection by our Investment Committee. The selection process begins with an initial screen where we apply the following criteria:

- Manager/fund performance should be in the top 50% of peer group over a complete market cycle
- The manager/fund expense ratio should be less than the category average
- The manager/fund management tenure should be commensurate with fund performance

The results from the initial screen are subject to the following criteria:

- The manager/fund must be open to new investors
- There must be no front or back-end loads, or redemption fees
- The manager/fund must be available at our preferred custodian

The results from this second level screen are further subject to the following criteria:

- The historical performance must have a high correlation to the appropriate benchmark index
- The asset allocation of the fund must have a high correlation to the appropriate benchmark index
- The fund/manager must exhibit the following characteristics over a complete market cycle:
  - Positive alpha
  - Below average portfolio turnover
  - Below average beta

- Below average standard deviation
- Above average Sharpe ratio

The top 10 funds are put through a final screen where the following features of each fund are further reviewed and a final selection is made by the investment committee:

- Asset allocation correlation with benchmark
- Concentration of portfolio
- Style drift
- Fund ownership
- Management stability

### **Private Investment Funds**

We may provide investment advice on private investment fund to certain qualified clients. Our role relative to the private investment fund shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client becomes a private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of calculating our investment advisory fee. DIC clients are under no obligation to consider or make an investment in a private investment fund.

### **Risks Associated with Our Primary Client Investments**

For all of the above investment strategies, including mutual funds, clients and prospective clients should note carefully that investing in securities involves risk of loss that clients should be prepared to bear. For example, most equity mutual funds have very high correlation to the broad stock market and should be expected to lose as much or more than the stock market in any given period. In 2008, the S&P 500, a broad measure of the US stock market, fell 37%, and many mutual funds lost even more. Any strategy involving frequent trading can negatively affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Private investment funds generally involve additional risk factors including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

## **Item 9—Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

DIC has no legal or disciplinary events to report.

## Item 10—Other Financial Industry Activities and Affiliations

We are obligated to disclose if we, any of “supervised persons” (meaning our employees and independent contractors), or any of our affiliates are involved in other financial industry activities, such as those of a broker-dealer, commodity pool operator, or a futures commission merchant. We are also obligated to disclose if we receive compensation from other advisors for recommending or selecting those advisors for you.

DIC is not registered as a broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

Registered Investment Advisor Representatives of DIC may be Registered Representatives of Financial Services Int’l Corp, a registered broker-dealer or Symetra Securities, Inc., a registered broker dealer. In their capacity as Registered Representatives of these broker-dealers, our advisors can transact security purchases and sales of stocks, bonds, mutual funds, ETFs, annuities, insurance contracts, limited partnerships, and alternative investments. Financial Services Int’l Corp and Symetra Securities, Inc. pay sales commissions to their Registered Representatives for transacting that type of brokerage business.

Registered Investment Advisor Representatives may be agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Client, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

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

The DIC Code of Ethics is based on the principle that supervised persons, access persons, and administrative staff members owe a fiduciary duty to our clients for which DIC serves as an advisor. This Code is to protect the interests of both clients and advisors by demanding that advisory personnel perform their duties with complete propriety and do not take advantage of their position. Accordingly, DIC employees must avoid activities, interests, and relationships that might interfere or appear to interfere with making decisions in the best interest of our advisory clients. Failure to abide by this Code can result in disciplinary action, including termination of employment. A complete copy of our Code of Ethics is available to our clients or prospective clients upon request.

Employees of DIC may occasionally purchase or sell for their own personal accounts securities held or traded in DIC client accounts. Trades in the personal accounts may happen at times close to the times trades happen in the client accounts. To avoid any potential front-running of client trades, a record of all personal trades by Access Persons is collected quarterly and reviewed by DIC's Chief Compliance Officer. If evidence of front-running is found, the employee may be forced to disgorge any profits. As a practical matter, most client trades involve mutual funds (for which front-running is not a concern), and Access Persons are in general not active traders in individual securities.



## Item 12—Brokerage Practices

### **The Custodian and Brokers We Use**

DIC does not maintain custody of your assets that we manage although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account. Your account must be maintained in an account at a “qualified custodian”, generally a broker-dealer or a bank. Our management discretion for individual clients generally includes the selection of the securities to be bought or sold, the amount of securities to be bought or sold, the custodian and broker to be used, and the commission to be paid. We consider many factors, including execution capabilities, commission rate, reputation and access to the markets for the securities being traded, financial responsibility, responsiveness to us, any research-related products and services provided to us.

As a practical matter, nearly all individual DIC accounts are maintained in an individual account at Schwab and client trades are executed at Schwab. When our client accounts are maintained at another broker, we will execute trades through the individual Client’s broker.

Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for our client accounts maintained at Schwab. We have a standard advisor commission and fee schedule with Schwab and other broker/ custodians, and thus cannot typically negotiate commissions on a trade-by-trade basis.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Here is a more detailed description of Schwab’s support services:

**Services that Benefit You:** Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment

by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that May Not Directly Benefit You:** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that: o provide access to client account data (such as duplicate trade confirmations and account statements); o facilitate trade execution and allocate aggregated trade orders for multiple client accounts; o provide pricing and other market data; o facilitate payment of our fees from our clients' accounts; and o assist with back-office functions, recordkeeping and client reporting.

**Services that Generally Benefit Only Us:** Schwab also offers services intended to help us manage and further develop our business. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Trade Execution**

DIC seeks best execution for client trades, but cannot guarantee the lowest commission or best net price on any particular transaction. DIC will not execute an order on any account that is preferential or materially adverse to any other DIC client account.

### **Trade Aggregation**

DIC is authorized in its discretion to aggregate purchases and sales made for one client account with purchases and sales in the same or similar securities for other client accounts. When transactions are so aggregated, the actual prices applicable to the aggregated transaction will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price so obtained. Stock exchange regulations may, in certain instances, prevent the executing broker-dealer from delivering to the account a confirmation slip with respect to its participation in the aggregated transaction, and in such event, DIC will advise the client in writing of any purchase or disposition of securities for the

account with respect to any such aggregated transaction. DIC aggregates orders whenever a particular trade is appropriate, in DICs best judgment, for more than one client account at the same time. Occasionally, trades that occur on the same day in two different client accounts may not be aggregated, usually for timing reasons. The effect of this failure to aggregate may be higher commissions for both client accounts, and one account may receive a more favorable price than the other account.

## **Item 13—Review of Accounts**

All client accounts are reviewed at least once per quarter by the Client's Investment Advisory Representative to see if the Client's asset allocation is consistent with the Client's investment objectives and restrictions to consider whether any changes should be made to the client's portfolio. All accounts are reviewed by the investment committee when established and when changes are recommended.

We issue written reports to our clients each quarter. Our reports generally include a list of assets in your account, investment results, transaction history, and other statistical information. They are delivered in hard copy, via e-mail, in person, or through our secure client portal, depending on the client's preference.

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

Clients may be referred to DIC by an unaffiliated third party (as defined under the Investment Advisors Act of 1940). In certain instances, there may be a solicitation agreement between DIC and the third party. In exchange for referring clients to DIC, third party will be paid a percentage of the total advisory fee charged and collected from the referred client for as long as the agreement is in place. The agreement does not result in increased fees to the client and is not transferable.

## Item 15—Custody

DIC does not have direct custody for client funds or securities. Instead, a qualified custodian/broker (usually Schwab) has custody, and is responsible for sending monthly account statements, transaction reports, and year-end tax reports, directly to clients. Clients should carefully review those statements for inaccuracies. Statements can be delivered electronically, by mail, or both, depending on client preference.

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account; however, Schwab maintains actual custody of your assets.

DIC also sends periodic performance reports, as more fully described in Item 13. Clients should compare the account statements they receive from the custodian with the reports they receive from DIC.

## **Item 16—Investment Discretion**

We will act as either a 3(21) or 3(38) Investment Manager for our institutional clients depending on the needs and desires of the Plan Trustees, specifically whether or not the Plan Trustees want to maintain discretion and control of the plan's investment menu or delegate the responsibility to us. Most of our clients utilize a fully discretionary engagement.

Under our fully discretionary contract (3(38)), we will design and select the initial fund menu, monitor the investments, make changes when needed, determine mapping strategies, and design and manage model portfolios.

Under our non-discretionary contract (3(21)), we will design and recommend an initial fund menu, monitor the investments, recommend changes when needed, recommend a mapping strategy, and make recommendations on model portfolio asset allocation.

We accept fiduciary responsibility in either capacity and adhere to ERISA §404(a)'s duty to serve solely in the interest of plan participants. Plan sponsors retain the responsibility to select and monitor their adviser, regardless of their adviser's fiduciary status.

## Item 17—Voting Client Securities

You can designate in your investment advisory agreement whether or not you wish to have us vote proxies for you. We vote proxies in accordance with the Client's best interest at all times.

We follow the below general voting guidelines, we:

- vote with a company's management on "routine" issues, such as uncontested elections of directors.
- vote in favor of most shareholder proposals that in our view will improve corporate governance. We vote against proposals inhibiting the same.
- carefully consider on a case-by-case basis proposed mergers and recapitalizations.

We may disregard our voting guidelines if we determine your best interest would be served by voting otherwise.

You may obtain a copy of our proxy voting policy and information on how we voted your securities by calling MacGregor Hall, our CCO, at (503) 548-2101 or by sending Mr. Hall a written request to the address on the cover page of this brochure.

### **Directed Voting**

All of our clients may direct our vote on specific matters, but they must do so in writing.



## **Item 18—Financial Information**

We must disclose any financial condition that could impair our ability to meet our contractual obligations to you. We must also disclose if we have been the subject of any bankruptcy proceeding within the last 10 years.

We have no such financial condition to disclose to you, and we have never been the subject of any bankruptcy proceeding.