



## Item 1 – Cover Page

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**March 25, 2013**

This Brochure provides information about the qualifications and business practices of [Channel Family Assets, LLC](#) ("Channel Family Assets"). If you have any questions about the contents of this Brochure, please contact us at [darcy@channelassets.com](mailto:darcy@channelassets.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.

[Channel Family Assets](#) is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about [Channel Family Assets](#) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. Currently, our Brochure may be requested by contacting Darcy Garner Bhatia, Partner at 646-290-7077 or [darcy@channelassets.com](mailto:darcy@channelassets.com).

Additional information about Channel Family Assets is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 – Advisory Business**

### *A. Description of the Firm*

*Channel Family Assets is a Registered Investment Advisory firm founded in March 2012 by Darcy Garner Bhatia.*

The firm is a privately owned, independent, registered investment adviser. Darcy Garner Bhatia is the principal owner of the advisor. She serves as a founding partner and the Chief Compliance Officer and currently owns one-hundred percent (100%) of the Advisor. Channel provides investment supervisory services and investment consulting services to high net worth individuals, trusts, estates and institutions.

### *B. Types of Advisory Services*

Channel Family Assets is a wealth management and advisory business providing education and investment management services to its clients that consist mainly of high net worth individuals and associated trusts. The mission of Channel Family Assets is to provide financial advisory services to individuals and families in alignment with their values and risk by assisting in the sourcing, selection and ongoing management of a broadly diversified asset allocation. Channel Family Assets provides financial advisory services that include a holistic approach to appreciating all of a family's wealth. In order to better understand clients' objectives around their wealth, Channel Family Assets works through a series of interviews, values assessments, family retreats and discussions with other members of their financial team to better understand client goals and objectives in order to develop an appropriate risk model and build a successful investment strategy. As part of this process, Channel Family Assets will develop an Investment Policy Guideline that will be the basis for ongoing discussions and for deploying investments.

As part of the wealth advisory services, Channel may offer the following services to its clients through internal or external coordination of professionals:

- i. Financial planning, which includes developing a budget and examining a client's cash flow;
- ii. Financial statement preparation and analysis;
- iii. Regular and quarterly portfolio monitoring;
- iv. Education planning for next generation and family members;
- v. Risk management;
- vi. Trustee services and trust and estate advice; and
- vii. Family governance including establishing of structures for families, philanthropic goals, administration.

### *C. Tailoring of Advisory Services*

*Channel does tailor its advisory services to fit each client's needs and in alignment with their goals and objectives. Clients can impose restrictions on investing in certain types of investments or securities.*

D. *Wrap Fee Programs*

Channel does not participate in any wrap fee programs.

E. *Discretionary and Non-Discretionary AUM*

As of **March 25, 2013**, Channel Family Assets had approximately \$63,635,641 in assets under management. As of that date, the advisor managed \$2,642,596 of that in discretionary basis and \$60,993,00 on a non discretionary basis.

## Item 5 – Fees and Compensation

### A. Fee Description

*Channel Family Assets charges an annualized fee based on assets under advisement as follows:*

#### *ASSET BASED FEE SCHEDULE*

|                                |             |
|--------------------------------|-------------|
| <i>First 10,000,000</i>        | <i>1.0%</i> |
| <i>Next 10,000,000</i>         | <i>.75%</i> |
| <i>Assets above 20,000,000</i> | <i>.50%</i> |

All fees are subject to negotiation. Channel Family Assets may also establish alternative fee arrangements for certain financial planning or advising with clients. All fee arrangements involve either asset-based compensation or a “flat fee”. Flat fees may be determined on an “hourly” or daily rate.

Channel Family Assets reserves the right to negotiate fees with clients. Some clients may pay more or less than that which is stated in the fee schedule above.

### B. Client Fees – Manner of Payment: Deduction/Billing

The specific manner in which fees are charged by Channel Family Assets is established in a client’s written agreement with Channel. Channel Family Assets will generally bill fees in advance on a quarterly basis and are prorated based on the fair market value of the assets under management on the last day of the previous quarter (fees will never be more than six months in advance). However, fees may also be billed in arrears. Clients may elect to be billed directly for fees or to authorize Channel Family Assets to directly debit fees from a custodial account. Channel retains the right to charge a termination fee upon closing of any account and any prepaid, unearned fees will be promptly refunded, and any earned deducted from the net owed back upon closing. Channel Family Assets reserves the right to negotiate fees with clients. Some clients may pay more or less than that which is stated in the fee schedule above.

### C. Other Fees

Channel Family Assets’ fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisors and other third parties such as fees charged by managers, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to Channel Family Assets’ fee, and Channel Family Assets shall not receive any portion of these commissions, fees, and costs.

*D. Payment in Advance*

Channel clients often pay fees in advance. Fees collected in advance will be refunded based on a pro-rata basis on the amount of work completed at the point of Termination and total days during the billing period. Fees will be returned within 30 days to client.

*E. Brokerage and Other Compensation*

Neither Channel nor its supervisory persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Channel Family Assets does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).



## **Item 7 – Types of Clients**

Channel Family Assets provides portfolio management services to individuals, their trusts and estates, and their foundations. The minimum account size is generally \$10,000,000 however, depending upon the scope of work, the minimum account may be waived at Channel Family Asset's discretion. If the account falls bellowed the stated minimum, the investor will not be required to invest additional funds with the advisor to meet the minimum account size.

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

### *A. Methods of Analysis and Investment Strategies*

Channel Family Assets utilizes a variety of methods and strategies to make investment decisions and recommendations for clients. The methods of analysis include fundamental research as well as use of quantitative tools and investment approaches to assess investment opportunities. Channel Family Assets identifies and allocates assets to money managers and advisors based on industry experience, research and contacts in an effort to achieve superior returns and to match a client with the 5 P's (People, process, philosophy, performance and f(ph)ees.) In identifying and selecting potential managers and advisors, Channel Family Assets utilizes financial databases, written materials, including industry publications, and third party contract research providers, as well as discussions with current and prospective managers, brokers, investment bankers, analysts and other industry professionals and intermediaries such as attorneys and accountants.

### *B. Risks of Specific Securities*

Money Managers and Advisors may invest in and consequently may have exposure to securities which may carry additional risks such as:

- i. **Asset-Backed Securities.** An Underlying Fund or Money Manager may invest in asset-backed securities. Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. In addition, asset-backed securities experience credit risk. There is also the possibility that recoveries on repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral.
- ii. **Commodity Futures and Options.** An Underlying Fund or Money Manager may invest in commodity futures and options. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

- iii. **Derivatives.** An Underlying Fund or Money Manager may invest in derivatives. Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Money Manager. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the assets to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.
- iv. **Distressed Securities.** An Underlying Fund or Money Manager may invest in distressed securities. Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies.
- v. **Emerging Markets.** An Underlying Fund or Money Manager may invest in securities of companies that trade or operate in less developed countries. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.
- vi. **Equity Securities.** An Underlying Fund or Money Manager may invest in equity securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the

future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

- vii. **Fixed-Income and Debt Securities.** An Underlying Fund or Money Manager may invest in fixed-income and debt securities. Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.
- viii. **Hard Assets.** An Underlying Fund or Money Manager may invest in hard assets. The production and marketing of hard assets may be affected by actions and changes in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire, drought, and increased regulatory and environmental costs. Hard asset securities may also experience greater price fluctuations than the relevant hard asset.
- ix. **Illiquid Instruments.** An Underlying Fund or Money Manager may invest in illiquid instruments. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Channel Family Assets' ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for Channel Family Assets to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.
- x. **Mortgage-Backed Securities.** An Underlying Fund or Money Manager may invest in mortgage-backed securities. Mortgage-backed securities are subject to credit risk associated with the performance of the underlying mortgage properties. Factors such as consumer spending habits, local economic and competitive conditions, tenant occupancy rates and regulatory or zoning restrictions, or the loss of a major tenant may adversely affect the economic viability of a mortgaged property. In addition,

these securities are subject to prepayment risk. Some securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

- xi. **Non-U.S. Securities.** An Underlying Fund or Money Manager may invest in non-U.S. securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.
- xii. **REITs.** An Underlying Fund or Money Manager may invest in REITs. REITs are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Underlying Fund invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.
- xiii. **Risk Arbitrage Securities.** An Underlying Fund or Money Manager may invest in risk arbitrage securities. A merger, other restructuring, tender, or exchange offer proposed at the time Channel Family Assets invests in risk arbitrage securities may not be completed on the terms or within the time frame contemplated, resulting in losses.
- xiv. **Security Futures and Options.** An Underlying Fund or Money Manager may invest in security futures or options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the portfolio. In addition, investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

*C. Recommending a Primary Security Type*

Channel Family Assets does not limit recommendations to a particular type of security or investment.

## Item 9 – Disciplinary Information

Channel Family Assets is required to disclose whether it or an affiliated person of the firm have been the subject of any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management, as well as disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item.

### *A. Criminal or Civil Actions*

Channel has no material legal or disciplinary events to disclose.

### *B. Administrative Proceedings before the SEC or other Regulatory Body*

Channel has no material proceedings events to disclose.

### *C. Self-Regulatory Organization Proceedings*

Channel has no material self-regulatory proceedings events to disclose.

## Item 10 – Other Financial Industry Activities and Affiliations

- A. *Broker Dealer* - Neither Channel Family Assets nor its representatives are registered as, or have pending applications to become a broker-dealer or representatives of a broker-dealer.
- B. *Registration as a futures commission merchant, commodity pool operator or a commodity trading advisor* - Neither Channel Family Assets nor its representatives are registered as, or have pending applications to become a Future Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.
- C. *Registration Relationships Material to this Advisory Business and Possible Conflicts of Interest* - Channel Family Assets has no material relationships or arrangements with any industry participants who are related persons.
- D. *Selection of Other Advisors or Managers And How This Advisor is Compensated for Those Selections* - Channel Family Assets does not receive any compensation directly or indirectly from any managers or advisors it recommends or selects for its own clients.

## Item 11 – Code of Ethics

### *A. Adopted Code of Ethics; Provision to Clients upon Request*

Channel Family Assets has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Channel Family Assets must acknowledge the terms of the Code of Ethics annually, or as amended. Channel Family Assets' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Darcy Garner Bhatia.

### *B. Financial Interest in Securities Recommended to Clients*

Channel Family Assets anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Channel Family Assets has management authority to effect, and will recommend to investment advisory clients the purchase or sale of securities in which Channel Family Assets, its affiliates and/or clients, directly or indirectly, have a position of interest. Channel Family Assets' employees and persons associated with Channel Family Assets are required to follow Channel Family Assets' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Channel Family Assets and its affiliates may recommend securities in which they have a position of interest.

### *C. Recommending Purchases or Sales of Securities also owned by Channel Family Assets' Related Persons.*

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Channel Family Assets will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Channel Family Assets' clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Channel Family Assets and its clients.

### *D. Channel Family Assets Aggregated Trading with Client Accounts*

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Channel Family Assets' obligation of best execution.



In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Channel Family Assets will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

It is Channel Family Assets' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Channel Family Assets will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 – Brokerage Practices

### A. *Factors Used to Select Custodians or Broker-Dealers*

1. Research and other Soft Dollar Benefits
  - a. Channel from time to time may receive research, products or other services from a broker-dealer or another third party in connection with client securities transactions. There is no incentive for Channel to direct clients to one particular broker dealer over another who offers the same services. Channel Family Assets receives a benefit because it does not have to produce or pay for services or products. The first consideration when recommending broker-dealers to a client, is to the client and to obtaining best execution.
  - b. Channel Family Assets does have an incentive to choose a custodian that provides these services that may be based on its interests rather than clients' interest. Channel Family Assets will nevertheless act in the best interest of the client in order to receive the most favorable execution in any event.
  - c. Most brokerage commissions will be between .06-.02 per share. Channel will not execute a trade with higher mark ups than those charged by other broker dealers in return for soft dollars.
  - d. Channel treats all clients equally with any research that we may receive or soft dollars that Channel may benefit from.
  - e. Not applicable. Channel has not received any products or services acquired through brokerage commissions during the last fiscal year.
  - f. During the last fiscal year Channel Family Assets has not direction clients transactions to a particular broker-dealer in return for soft dollar benefits.

### 2. Brokerage for Client Referrals

Channel Family Assets receives no referrals from broker-dealers or third parties in exchange for selecting that broker-dealer or third party.

### 3. Directed Brokerage

- a. Channel Family Assets allows clients to direct brokerage, however, we may not be able to achieve the best execution of client transactions if clients choose to direct brokerage.
- b. Additionally, Channel Family Assets does not routinely recommend, request, or require that a client direct us to execute transactions through a specified broker-dealer or custodian.

*B. Aggregating (Block) Trading for Multiple Accounts*

Generally, when Channel Family is going to make an investment on behalf of multiple accounts, to the extent where there is limited capacity in such an investment, the capacity is allocated on a pro-rata basis among the accounts as deemed equitable and fair by Channel Family Assets. We may use block trading as it may benefit a large group of clients by providing the ability to purchase larger blocks that often results in smaller transaction cost when allocated across client accounts.

## Item 13 – Review of Accounts

### A. *Frequency and Nature of Periodic Review of Accounts*

Each client account is reviewed by Channel Family Assets on a continuous basis to determine whether investments made on behalf of the account should be maintained in view of current market conditions. Matters reviewed include adherence to investment policy statements and the performance of each client account; generally transactions will be initiated as a result of a new investment decision or a realization that a manager or investment is not meeting expectations.

### B. *Factors that Will Trigger a Non-Periodic Review*

Because client accounts are under constant supervision, there is no specific factor that will prompt a non-periodic review.

### C. *Content and Frequency of Regular Account Reports*

In connection with each account, the client will receive statements at least annually from the custodian. The statement will include a statement of holdings listing assets and market values. In addition, clients will receive a statement showing profit and loss annually.

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

*A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (includes Sales awards or other prizes)*

Channel Family Assets does not receive economic benefits from third parties for providing investment advice to its own clients.

*B. Compensation to Non-Advisory Personnel for Client Referrals*

Channel Family Assets does not directly or indirectly compensate any person not employed by us for client referrals.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Channel Family Assets urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Channel Family Assets has limited custody of client's accounts if a client chooses to be billed directly through the custodian.

Clients should review carefully custodian statements with any managers and advisors for comparison and accuracy.

## **Item 16 – Investment Discretion**

Channel Family Assets provides both discretionary and non-discretionary advice to clients. It is part of the education process to include clients in the selection of advisors or managers, and therefore most decisions will be made and reviewed by the clients. However, in specific cases we receive discretionary authority from the client at the outset of an advisory relationship to select managers, advisors or to identify an amount of securities to be bought or sold for a client account. In all cases, however, such discretion is to be exercised in a manner consistent with the investment policy statement objectives for the particular client account.

When selecting securities and determining amounts, Channel Family Assets observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Channel Family Assets' authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to Channel Family Assets in writing and may be imposed at anytime.

The client can determine to engage in a discretionary basis. Prior to Channel Family Assets assuming discretionary authority over the client's account, the client shall be required to execute an Investment Advisory Agreement, naming Channel Family Assets as the clients' "attorney and agent in fact", granting Channel Family Assets the full authority to buy, sell or otherwise effect the investment transactions involving the assets in the clients' name found in the discretionary account.

## Item 17 – Voting Client Securities

### *A. No Authority to Vote Proxies*

As a matter of firm policy and practice, Channel Family Assets shall not assume any authority to vote proxies on behalf of advisory clients. Clients or their money managers or advisor will retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Channel Family Assets may provide advice to clients regarding the clients' voting of proxies, but when doing so shall be mindful of any potential conflicts of interest that may be present at such time.

### *B. Manner in which Client Receives Proxies*

**Clients will receive their proxies or other solicitations directly from their custodian, money manager or transfer agent. In many instances, money managers or other advisors may vote the proxies for the clients. Clients may contact Channel for questions at anytime about any particular solicitation.**



## **Item 18 – Financial Information**

### *A. Prepayment of Advisory Fees*

Channel Family Assets does not require or accept pre payment of advisory fees of more than \$1,200 in fees per client six months or more in advance.

### *B. Channel Family Assets - Financial Condition*

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about its financial condition. Channel Family Assets currently has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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

Not applicable.