

## Part 2A of Form ADV: Firm Brochure

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Form ADV, Part 2 (Brochure) is an important document between current and prospective clients (you, your) and The Joseph Group (us, we, our).

This brochure provides information about the qualifications and business practices of our firm. If you have any questions about the contents of this brochure, please contact us at 614-228-4300 and / or [www.josephgroup.com](http://www.josephgroup.com). 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.

Additional information about our firm is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2A of our Form ADV.

We are an investment adviser registered with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

## **Item 2: Material Changes**

There were two changes to our Leaders' Team (Executive Team):

- 1) R. Travis Upton now serves as Chief Investment Officer
- 2) B. Scott Mizer joined the Leaders' Team serving as Chief Operating Officer

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#### **Item 4: Advisory Business**

The Joseph Group LLC (dba The Joseph Group Capital Management) ("The Joseph Group") has a simple but powerful mission: to understand and encourage our clients' cherished dreams and provide investment management and advisory services that help them fulfill those dreams. The Joseph Group was established in 1999 with the formation of The Joseph Group, Inc. (an Ohio subchapter S corporation) by twin brothers Matt Palmer and Mark Palmer. In 2012, The Joseph Group LLC (an Ohio limited liability company) was formed by Matt Palmer and Mark Palmer. In 2012 The Joseph Group LLC became registered with the U.S. Securities Exchange Commission as an investment advisor. Client-Advisor relationships with The Joseph Group, Inc. have been moved to The Joseph Group LLC. The Joseph Group LLC is owned 97% by The Joseph Group, Inc. with the remainder owned by R. Travis Upton. The Joseph Group, Inc. is owned 50% by Matthew D. Palmer and 50% by Mark J. Palmer. The Joseph Group, Inc. is no longer registered with the U.S. Securities Exchange Commission as an investment advisor.

We provide discretionary investment management and related investment advisory services. "Discretionary" investment management means you have given us authority to make investment changes in your account consistent with your objectives without the need to consult you in advance of the changes. In addition to investment management services, we make available to you wealth management services (at no additional charge) in several areas including, but not limited to: debt, college funding, cash flow, tax, insurance, and estate planning.

We also provide consultation services to plan sponsors of group retirement plans regarding a plan's platform of available investments.

The investment process starts with your goals and objectives. Once your goals and objectives are determined, each goal and objective is matched with one of our investment strategies (discussed later in Item 8: Methods of Analysis, Investment Strategies and Risk of Loss). Accounts we manage have one of these strategies as the target allocation; however, you can always provide us with restrictions on specific securities or certain types of securities. As we work with you, our advisors proactively identify your financial planning needs and attempt to address those needs.

As of December 31, 2013, the total assets The Joseph Group had under management *and* consulted on was \$348,592,000. Of that total, The Joseph Group's total regulatory discretionary assets under management were \$272,532,000 and the remaining \$76,060,000 of assets were comprised of group retirement plan assets for which we consult.

#### **Item 5: Fees and Compensation**

We are compensated on a fee-only basis (percentage of account assets) rather than commission basis. We do not receive loads, trading costs, transaction fees, 12b-1 fees, or any other form of compensation. This eliminates any incentive for us to trade excessively in your account. Therefore, our goal matches your goal: long-term appreciation of account values.

We typically receive an annual investment advisory fee based on a percentage of the market value of an account's assets in accordance with the following schedule (under certain circumstances the fee schedule is negotiable):

1.0% on the first \$1 million of an account's market value;  
0.8% on the next \$1 million;  
0.6% on the next \$2 million;  
0.4% on the next \$2 million;  
0.2% on the balance.

One-fourth of the above fee schedule is charged each calendar quarter, in advance, based on the market value of your account as of the last day of the prior calendar quarter. In cases where the custodian (e.g. Charles Schwab & Co., Inc.) allows us to deduct fees from your account, we request you authorize us to invoice the custodian and deduct those fees from your account each quarter. However, there are cases where a custodian will not allow us to deduct fees, and in these instances (or if you request to be direct billed), you are billed directly each quarter.

In addition, we charge fixed rate fees to some clients based on the type of investment management services provided.

We reserve the right to negotiate our investment management fees. You may pay more or less than others depending on certain factors, including but not limited to, the type and size of the account, the range of additional services provided to you and the total number of assets managed for you. The fees that we charge for investment management services are specified in your investment management agreement with us.

Because we receive our fee in advance each calendar quarter, our fee for a particular calendar quarter is fully refundable if you or we terminate the advisory agreement in writing within the first month of the calendar quarter.

Fees charged to our group retirement plan clients are flat percentage of assets (not tiered) and negotiated on a plan-by-plan basis. The fees are charged in arrears based on the assets under management as of the last day of the previous quarter.

You may incur other additional fees in connection with a custodian or a specific investment which are not paid to us. These expenses could include commissions on the purchase or sale of an investment, transaction fees, account activity fees, special service fees, other brokerage or custody fees, mutual fund or annuity internal expenses (detained information on internal expenses is found in each mutual fund or annuity prospectus), 12b-1 fees (a marketing or distribution fee on a mutual fund), or loads (sales charges) on funds not purchased by us. We will not purchase mutual funds with front-end or rear-end load on your behalf without your prior permission. Please see "Item 12: Brokerage Practices" for more detail.

All other financial management services we make available to you, such as financial, retirement and estate planning are typically provided at no additional charge.

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

We do not charge Performance-Based Fees.

## Item 7: Types of Clients

Our clients include individuals, families, businesses (including retirement plans), trusts, and charities. We request minimum assets of \$500,000 from new clients, however, that is not a requirement.

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

Our investment process starts with client goals and objectives. We have determined clients have at least one of four primary goals for their money:

- 1) To protect principal and maintain liquidity
- 2) To sustain a lifestyle over an extended period of time by keeping pace with inflation with a focus on current income and modest growth of capital
- 3) To outpace inflation and grow assets toward a long-term goal with a focus on total return
- 4) To aspire to a higher level of wealth with a focus on growth of capital

We have established four core investment strategies which align with the above goals. Those strategies are:

- 1) **The Conservation Strategy** - the objective of the Conservation Strategy is to preserve principal value. It is appropriate for liquidity and longer term savings (one year or more). It can also be used as a portfolio that supports regular withdrawals. It invests primarily in short-term bonds and money markets. The portfolio seeks to maintain an average maturity of 18 months or less, consistent with a short-term, capital preservation focus. The annual volatility target will be between 0% and 3%. This means that two thirds of the time the return is expected to be within plus or minus 0% to 3% of the average return of the portfolio. There is no guarantee the strategies objective or annual volatility target will be met.
- 2) **The Provision Strategy** - the objective of the Provision Strategy is to sustain wealth by focusing on current income and low principal volatility. It is appropriate for savings and investment goals with time frames greater than 5 years that require current income and low volatility such as providing for cash flow needs in retirement. It invests in high quality bonds, high yield bonds, stocks, dynamic strategies (i.e. covered calls), alternative asset classes (i.e. commodities, REITs), and money market funds. The annual volatility target will be between 3% and 8%. This means that two thirds of the time the return is expected to be within plus or minus 3% to 8% of the average return of the portfolio. There is no guarantee the strategies objective or annual volatility target will be met.
- 3) **The Harvest Strategy** – the objective of the Harvest Strategy is risk managed growth through a multi-asset strategy to achieve future long-term dreams and goals. It is appropriate for savings and investment goals with time frames greater than 5 years such as retirement, college savings, or charitable endeavors. It invests in high quality bonds, high yield bonds, stocks, dynamic strategies (i.e. long/short, tactical, market neutral), alternative asset classes (i.e. commodities, REITs), and money market funds. The annual volatility target will be between 8% and 15%. This means that two thirds of the

time the return is expected to be within plus or minus 8% to 15% of the average return of the portfolio. There is no guarantee the strategies objective or annual volatility target will be met.

- 4) **The Abundance Strategy** – the objective of the Abundance Strategy is to be an aggressive, concentrated portfolio that seeks to outperform major market averages. It is appropriate for investors who are comfortable with a non-diversified, opportunistic investment strategy that seeks high returns with a high degree of risk. Compared to our other core portfolios, this portfolio is expected to have higher turnover, position concentration, and volatility. The annual volatility target will be between 15% and 24%. This means that two thirds of the time the return is expected to be within plus or minus 15% to 24% of the average return of the portfolio. There is no guarantee the strategies objective or annual volatility target will be met.

We also designed 3 investment strategies for smaller accounts (generally \$20,000 or less to invest):

**The Provision Seed Strategy** – the Provision Seed Strategy is designed for small accounts (generally < \$20,000) and has an objective identical to that of Provision – sustain wealth by focusing on current income and low principal volatility. The strategy uses a core allocation to a single asset allocation mutual fund which provides exposure to dividend paying stocks, bonds, and other income producing assets. It then supplements the core asset allocation fund with satellite positions in funds from other asset categories including high quality bonds, high yield bonds, stocks, dynamic strategies, alternative asset classes (i.e. commodities, REITs), and money market funds. The end result is a diversified portfolio using 4-9 mutual funds which can be obtained with a low (or no) minimum investment. Like Provision, the annual volatility target will be between 3% and 8%. This means that two thirds of the time, the return is expected to be within plus or minus 3% to 8% of the average return of the portfolio. There is no guarantee the strategies objective or annual volatility target will be met.

**The Harvest Seed Strategy** – the Harvest Seed Strategy is designed for small accounts (generally < \$20,000) and has an objective identical to that of Harvest – risk managed growth through a multi-asset strategy to achieve future long-term dreams and goals. The strategy uses a core allocation to a single asset allocation mutual fund which provides exposure to U.S. stocks, foreign stocks, and bonds. It then supplements the core asset allocation fund with satellite positions in funds from other asset categories including high quality bonds, high yield bonds, stocks, dynamic strategies, alternative asset classes (i.e. commodities, REITs), and money market funds. The end result is a diversified portfolio using 4-9 mutual funds which can be obtained with a low (or no) minimum investment. Like Harvest, the annual volatility target will be between 8% and 15%. This means that two thirds of the time, the return is expected to be within plus or minus 8% to 15% of the average return of the portfolio. There is no guarantee the strategies objective or annual volatility target will be met.

**The Abundance Seed Strategy** – the Abundance Seed Strategy is designed for small accounts (generally < \$20,000) and has an objective identical to that of Harvest – an aggressive, concentrated portfolio that seeks to outperform major market averages. The strategy uses a core allocation to a single asset allocation mutual fund which provides exposure to U.S. stocks, foreign stocks, and bonds. It then supplements the core asset

allocation fund with satellite positions in funds from other asset categories including high quality bonds, high yield bonds, stocks, dynamic strategies, alternative asset classes (i.e. commodities, REITs), and money market funds. The end result is a diversified portfolio using 4-9 mutual funds which can be obtained with a low (or no) minimum investment. Like Abundance, the annual volatility target will be between 15% and 24%. This means that two thirds of the time, the return is expected to be within plus or minus 15% to 24% of the average return of the portfolio. There is no guarantee the strategies objective or annual volatility target will be met.

Our advisors assess your goals and allocate assets to the above strategies in order to meet those goals. We call this process the “Wealth Allocation Framework”. Investing in any of our strategies involves risk of loss that you should be prepared to bear.

We partner with several research firms. We have an investment committee which meets bi-weekly to review information received from these research partners, analyze portfolios, and develop our Market Health Analysis. The Market Health Analysis is comprised of three key components: Economic Outlook, Valuation, and Technicals. These factors drive our decision making as it relates to portfolio strategy.

Once we have determined the big picture portfolio strategy, we divide the global financial markets into five broad categories which each have a different primary risk driver:

- *High quality bonds* include investment grade (BBB or better) rated bonds issued by sovereigns or corporations. The primary risk driver for high quality bonds is interest rate risk as bond prices tend to fall as interest rates rise (and vice-versa).
- *Credit securities* include bonds issued by less credit-worthy corporate entities or securities with a subordinated claim on the assets of the firm (i.e., junior bonds, preferred stocks, convertible bonds). The primary risk driver for the credit portion of the portfolio is credit risk as the prices of these securities will tend to rise as the credit quality of the issuer improves, or fall as the credit quality of the issuer deteriorates.
- *Global Stocks* include equity securities issued by U.S. or foreign companies of all capitalization sizes. The primary risk driver for the stock portion of the portfolio is equity market risk, or beta as a diversified stock portfolio will tend to move up or down in the same general direction of the stock market.
- *Real assets* include physical assets such as gold, real estate, or commodities. These assets are recognized to have alternative market risk, or alternative beta, where asset prices move up or down in a way that may not exactly correlate with movements of the stock market. Real assets are often considered desirable during periods of high inflation and may be a tool to protect against inflation risk.
- *Dynamic Allocation* assets include funds that may use traditional asset classes (i.e., stocks and bonds) in different ways such as short-selling or tactical trading. Strategies in the Dynamic Allocation category may include long/short, market neutral, tactical trading, or global macro. Because these funds are strategy dependent, the primary risk driver is manager risk as the risk of the funds depends on the decisions of the individual manager.

It is expected, but not assured, that each of these five broad categories will have less than perfect correlation. In other words, returns between the five broad categories will differ and asset prices



between the categories will go up or down at different times. The assumed lack of correlation is based on actual historical 3, 5, and 10 year correlations between the asset categories. These assumed correlations are used as inputs to determine diversification benefits and the computation of each Strategy's volatility target.

**Additional Strategies** – From time to time we may agree to manage retirement or other accounts on a platform that offers a restricted menu of funds or additional challenges. These strategies will be customized for each client on a case by case basis although the framework above will be considered.

#### **Item 9: Disciplinary Information**

Neither The Joseph Group nor any management person has any material legal or disciplinary events to report.

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

Neither The Joseph Group nor any management person has any material other financial industry activities or affiliations to report.

One of the owners of our firm currently serves on the Board of Directors of two of our investment management clients. He recuses himself during any discussions of the retention or future investment contracts with The Joseph Group or during voting regarding these matters.

One of our Client Advisors has an insurance license through the State of Ohio. He does not actively participate in the insurance business, but may occasionally help friends or family secure insurance.

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

We are committed to conducting business with integrity in an ethical manner and in compliance with all applicable laws. The principles of honesty, integrity, and professionalism are critical to the success and reputation of our firm. Accordingly, we have adopted and implemented policies and procedures and code of ethics to prevent violations of federal securities laws and to prevent harm to our clients and others. A copy of our Compliance Policies and Code of Ethics is available upon request.

Items specifically addressed in that document include: annual review and training in compliance matters, maintenance of records, ethical responsibilities and considerations, new client procedures, privacy policy, portfolio management processes and trading practices, accuracy of disclosures/advertising, client assets and fees, record keeping and document retention, proxy voting, complaints and business continuation plan.

Most of our owners and employees invest personally in the same strategies recommended to you. We view this positively, as it means we believe in the investment strategies we recommend to you. However, depending upon the type of security being purchased, there are potential *conflicts* inherent in this type of activity.

For example, if a security can be purchased or sold during the trading day at a negotiated price, it is possible for our employee to purchase his or her security first and then purchase your security afterward, helping to drive up the price of the employee's security. Likewise, if our employee sells his or her security before selling your security, the employee can avoid any drop in the price of the security which may occur due to the sale of your security. Although it is possible for an employee of our firm to purchase or sell securities in a manner that would benefit them personally, our Compliance Policies and Code of Ethics do not permit this practice.

We primarily invest in open-end mutual funds and money market funds. The prices of these funds are not negotiated and are determined at the end of each trading day. As such, these funds are considered not reportable as it relates to personal trading. However, we may occasionally purchase an exchange traded fund (ETF) in any of our strategies. ETFs are sold intraday at negotiated prices and thus are considered reportable securities. Therefore, it is possible for there to be a *conflict of interest* as it relates to the use of ETFs in our strategies.

To identify any potential *conflicts*, our owners and employees are required to complete a Personal Securities Transactions and Holdings Report each calendar quarter. This report discloses any reportable securities transactions made during the quarter and is reviewed by the Chief Compliance Officer. The Chief Compliance Officer's report is reviewed by another senior executive. In addition, most trades in any owner and employee accounts are made at the same time as client trades through a trading procedure called block trading. Having all trades made with block trading means all purchases and sales receive the same negotiated price.

## **Item 12: Brokerage Practices**

### The Custodian and Brokers We Use

We do not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account solely for our fee (see Item 15: Custody). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We request that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with any of the qualified custodians we use. The custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we request that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with a qualified custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account may be maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs", below).

### How We Select Brokers/Custodians

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Custodians”, below)

### Your Brokerage and Custody Costs

Custodians used by us generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that it executes or that settle into your account. In addition to commissions and asset-based fees, custodians may charge 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 account we manage. 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 the custodian we use execute most trades for your account. We have determined that having the custodian we use execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”, above).

### Products and Services Available to Us from Custodians

Custodians used by us usually provide us and our clients with access to institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to retail customers. These custodians 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’ support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million in assets at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees. Following is a more detailed description of these custodians’ support services:

- **Services That Benefit You.** A custodian’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 custodians used include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

- **Services That May Not Directly Benefit You.** Custodians also make 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 the custodians' own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts. In addition to investment research, custodians also make available software and other technology that:
  - Provide access to client account data (such as duplicate trade confirmations and account statements)
  - Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
  - Provide pricing and other market data
  - Facilitate payment of our fees from our clients' accounts
  - Assist with back-office functions, recordkeeping, and client reporting

We may also receive research and the payment of travel expenses associated with due diligence from the mutual fund companies we recommend to clients. This is a potential *conflict* of interest.

- **Services That Generally Benefit Only Us.** Custodians also offer other services intended to help us manage and further develop our business enterprise. These services include:
  - Educational conferences and events
  - Consulting on technology, compliance, legal, and business needs
  - Publications and conferences on practice management and business succession
  - Access to employee benefits providers, human capital consultants, and insurance providers

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

We use all of the services provided to us described in the preceding three sections.

#### Our Interest in Custodians' Services

The availability of these services from custodians benefits us because we do not have to produce or purchase them. In the case of Schwab, we don't have to pay for their services so long as all of our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving their services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential *conflict* of interest. We believe, however, that the selection of each specific custodian and broker is always in the best interest of a particular client. Our selection is primarily supported by the scope, quality, and price of the custodian's services (see "How We Select Brokers/Custodians", above) and not the custodian's

services that benefit only us. Schwab is the only custodian we use with this \$10 million minimum. As noted earlier, we have over \$10 million in client assets at Schwab (\$260,904,000 in assets with Schwab as custodian as of 12/31/2013) and therefore we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material *conflict* of interest.

### Trade Aggregation

The majority of our transactions are mutual fund trades, so trade aggregation does not typically apply to your account. However, upon occasion we do utilize exchange traded funds in your account. In these instances, it is our practice to “block” the orders together for multiple client accounts so each client receives the average price of the executed trade. This assures you are treated equally with other clients impacted by the trade.

### **Item 13: Review of Accounts**

Investment decisions are driven by our Investment Committee, which meets bi-weekly to evaluate the risks and opportunities within the financial markets. A decision to make an adjustment in the holdings of an investment strategy typically results in a block trade in all accounts assigned to that investment strategy. If an exception occurs during the block trade (e.g. not enough cash to purchase the amount we want to purchase, a short-term redemption fee on a sale, etc.) any account with an exception is reviewed individually in order to make the change desired. In addition, individual positions are reviewed frequently on a macro level relative to their respective target percentages, and if an exception occurs the individual account is reviewed. These reviews and block trades are performed by our Trader or Manager of Client Service. Finally, accounts are reviewed with clients in their meetings with one of our Client Advisors.

In addition to the regular reports you receive from the custodian, we provide you with a written Portfolio Holdings Report and a Portfolio Performance Review each quarter. We are also available to review these reports with you during in person meetings.

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

We do not receive compensation from non-clients for providing investment advice or other advisory services to you. We do receive economic benefits from custodians in the form of support products and services the custodian makes available to us and other independent investment advisors whose clients maintain their accounts at the custodian. These products and services, how they benefit us, and the related *conflicts* of interest are described above (see Item 12: Brokerage Practices). The availability to us of the custodian’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **Item 15: Custody**

Under government regulations, we are deemed to have custody of your assets if, for example you authorize us to instruct the custodian (e.g. Charles Schwab) to deduct our advisory fees directly from your account. The custodian maintains actual custody of your assets. You will receive account statements directly from the custodian at least quarterly through the mail or via e-mail.

You should carefully review those statements promptly when you receive them. You should also compare the custodian statements to the periodic portfolio reports you will receive from us.

#### **Item 16: Investment Discretion**

We accept discretionary authority to manage securities on your behalf. At the time of engagement of our services, you signed (or will sign) a New Account Application (containing a limited power of attorney) or a Limited Power of Attorney Form authorizing us to make trades in your account and disburse funds to you or for your direct benefit (e.g. an account with the same registration). As described in Item 4 (“Advisory Business”), some assets under our advice or management may be non-discretionary. You can put limitations on the types of securities that we buy and sell.

#### **Item 17: Voting Client Securities**

We don’t exercise voting authority over your securities under any circumstances. Your account will be set up so that you will receive any proxy materials.

Copies of our proxy voting policies and procedures are available upon request.

#### **Item 18: Financial Information**

There are no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to you.