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This brochure provides information about the qualifications and business practices of Grove Street Fiduciary, Inc. If you have any questions about the contents of this brochure, please contact us at 603-924-9939. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Grove Street Fiduciary, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Grove Street Fiduciary, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Since the filing of our last annual updating amendment on January 27, 2014 we have the following material changes to our Part 2A disclosure brochure to report:

- (1) We changed the name of our firm to Grove Street Fiduciary, Inc.
- (2) We disclosed that we recommend GoldStar Trust company as a qualified custodian.
- (3) We disclosed Mortgage Payoff and IRA Rollover considerations identifying certain potential conflicts of interest.
- (4) We disclosed a minimum annual fee of \$12,000 for wealth management services.

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Item 4 Advisory Business

Description of Services and Fees

Grove Street Fiduciary, Inc. is a registered investment adviser primarily based in Peterborough, NH. We are organized as a corporation under the laws of the State of New Hampshire. We have been providing investment advisory services since 1988. Carl Amos Johnson is our principal owner.

We provide wealth management services encompassing financial planning and asset management services, as well as consulting services and limited pension consulting services. Our investment advisory services are personalized and tailored to each individual client.

We view our advisory responsibilities as that of a steward of our client's financial resources whereby we consider client goals as the foremost consideration in the creation of a unique strategy for each client, addressing the client's financial goals, considering risk tolerance, required liquidity and investment time frame among other factors.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Grove Street Fiduciary, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

Wealth Management Services

Our wealth management service is an ongoing service that combines financial planning with discretionary investment management services through which we identify and plan for your future goals and implement your plan.

At the inception of the client relationship, we will meet with you to gather information about your financial circumstances and determine your investment objectives, risk tolerance, short term and long term life goals and other relevant information.

Once we have reviewed and analyzed information you provide to us, we will provide you with financial planning and investment recommendations and reports, which may be written or oral, addressing subjects, as required in your unique circumstances, including but not limited to, investment analysis, risk management, retirement planning, education planning, estate planning, benefits planning, taxes and tax planning, cash flow planning and business planning. We may also construct financial statements such as balance sheets, cash flow statements, and aggregate or comparative tax statements.

Our recommendations are based on your financial situation at the time we present them to you, and on the financial information you provide us. To properly serve you, we ask that you notify us promptly if your financial situation, goals, objectives, or needs change.

After we have presented and discussed our recommendations with you, we will then implement the recommendations you approve by providing discretionary investment management services. We will use the information we gathered from you during the planning stage to prepare a personal investment policy outlining a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf. All such investments are made within third-party custodians, such as Charles Schwab and Company. No investments or assets are custodied at our firm.

As part of our investment management services, we will customize an investment portfolio for you in accordance with your risk tolerance and investment objectives. Once we construct a customized investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis and, after obtaining your approval, we will re-balance the portfolio as required by changes in market conditions and in your financial circumstances.

For accounts which are not held at a custodian recommended by our firm, we will review such accounts according to our contracted agreement (quarterly, semi-annually, or annually) and make recommendations to you as necessary. It will be your responsibility to implement any such recommendations. We provide this service by utilizing ByAllAccounts, a third party service provider, which allows us to access your account data information but does not allow us to otherwise access the accounts held at the custodian.

Although we generally obtain your approval prior to placing transactions, in order to provide you with investment management services, we require you to grant our firm limited discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction, if necessary. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or through trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Consulting Services

We offer consulting services which primarily involves advising clients on specific topics including but not limited to: financial planning, qualified plan and rollover options, portfolio allocations, career consulting, expert witness services, seminars, divorce mediation, financial organization and advice involving non-investment issues.

Limited Pension Consulting Services

We may also provide limited pension consulting services to qualified plans and participants on an individually negotiated basis. All services shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Types of Investments

We primarily recommend index funds, no-load mutual funds, and exchange traded funds. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Assets Under Management

As of January 20, 2015, we provide continuous management services for \$181,821,874 in client assets on a discretionary basis. We also advise on \$8,885,687 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Wealth Management Services

Our fee for wealth management services ranges from 0.60% to 1.75% per annum of investable assets, subject to a minimum annual fee of \$12,000, which may be waived for certain legacy clients. Our annual wealth management fee is billed and payable quarterly in arrears based on the average daily balance of your investable assets for the quarter.

If the client agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the client agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

Hourly Consulting Services

We charge a negotiable hourly fee of \$300 for consulting services which is generally due upon completion of the services rendered.

Pension Consulting Services

Our fee and fee paying arrangements for pension consulting services will vary based on the scope and complexity of the services to be rendered and will be determined on a case-by-case basis. You may terminate the consulting agreement by providing written notice to our firm.

We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. Certain pre-existing clients of the firm may pay lower/different fees than those stated above.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

Mortgage Payoff Considerations

As part of our investment advisory services, we may provide advice on paying off mortgage balances. While we endeavor to provide advice to you in your best interests, we may have a potential conflict of interest in the rendering of such advice, because we may have an incentive to recommend maintaining account assets over paying down your mortgage which would result in our continued receipt of advisory fees on such assets. You are under no obligation, contractually or otherwise, to follow our advice on mortgage payoffs.

Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
 1. Employer retirement plans generally have a more limited investment menu than IRAs.
 2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
 1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
 2. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401K or retirement account, you could potentially delay your

required minimum distribution beyond age 70.5.

6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
 1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$500,000 of investable assets to provide wealth management services. At our discretion, we may waive this minimum. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you.

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities. However, we do not engage in market timing and/or day trading. We do not analyze individual stock securities. We rely on the analytical capabilities of mutual fund/index and ETF companies to provide this expertise.

- **Risk:** The risk of market timing based on technical analysis is that our analysis may not

accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. We do not analyze individual stock securities. We rely on the analytical capabilities of mutual fund/index and ETF companies to provide this expertise.

- **Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions.

- **Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

- **Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

- **Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we recommend investments and allocations based upon your pre-defined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

On rare occasions, we may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and

tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses. However, there is a risk that frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

We utilize primarily a diversified asset allocation investment strategy using index funds, exchange traded funds, and no-load mutual funds. Our objective in performing any analysis is to better focus on those investments and allocations which, when built upon a well-diversified portfolio, constructed following Modern Portfolio Theory and Asset Allocation techniques, will more likely provide the client, over the long-term, with a level of return commensurate with the client's risk tolerance.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers began reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Schwab will use the "Average Cost" method for mutual funds and the "High Cost" method for all other securities, including exchange traded funds. Other custodians will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section in this brochure, we primarily recommend no load mutual funds and exchange traded funds.

Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stocks and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can

also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

Item 9 Disciplinary Information

Grove Street Fiduciary, Inc. has been registered and providing investment advisory services since 1988. Neither our firm nor any of our management persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below:

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
3. Other investment adviser or financial planner.
4. Futures commission merchant, commodity pool operator, or commodity trading advisor.
5. Banking or thrift institution.
6. Accountant or accounting firm.
7. Lawyer or law firm.
8. Insurance company or agency.
9. Pension consultant.
10. Real estate broker or dealer.
11. Sponsor or syndicator of limited partnerships.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell/recommend securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

We do 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 fees from your account (see *Item 15 - Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (referred to as Schwab), a FINRA registered broker-dealer, member SIPC, and Goldstar Trust Company as the qualified custodians.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab 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 is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").

How We Select Brokers/Custodians to Recommend

We seek to recommend 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, these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds, 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 them
- Reputation, financial strength and stability of the provider
- Their 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 Schwab")

Your Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, 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. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain minimum amount of assets in accounts at Schwab. This commitment benefits you because the overall

commission rates you pay may be lower than they would be otherwise. 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 your account.

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) 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 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 certain minimum amount of their assets in accounts at Schwab. 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 you 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:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocation of aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates payment of our fees from our clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting services that generally directly benefit us, and indirectly our clients.

Services That Generally Benefit Us Schwab also offers 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

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.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a certain minimum amount of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This minimum assets requirement may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business, which is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interest of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services, and not Schwab's services that benefit only us.

We believe that Schwab and Goldstar Trust Company provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab and Goldstar Trust Company, the firms' reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Block Trades

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, especially for significantly different sized transactions, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher or lower commissions, fees, and/or transaction costs than other clients.

Item 13 Review of Accounts

Carl Amos Johnson, President, and the investment adviser representative assigned to your account will monitor your accounts on an ongoing basis and will conduct account reviews according to our contracted agreement (quarterly, semi-annually, or annually) and/or upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current/stated investment needs and objectives. Accounts which are maintained at custodians other than Schwab will be reviewed similarly. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- Contributions and withdrawals,
- Year-end tax planning,
- Market moving events,
- Security specific events, and/or,

- Changes in your risk/return objectives.

We will provide you with performance reports in conjunction with account reviews. Certain pre-existing clients of the firm may receive less or more additional reports. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Carl Amos Johnson, President, and the investment adviser representative assigned to your account will review your investments periodically as needed and upon your request to ensure that the planning advice is consistent with your current/stated investment needs and objectives. Written updates to the investment recommendations will be provided, if necessary, in conjunction with the review.

Generally, we will meet with you quarterly, semi-annually, or annually, based on your wishes, to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss, and disability, among others.

Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

We do not compensate others for referrals of prospective clients to our firm, however, we have subscribed to be a member of the Paladin Registry for a monthly fee and, on occasion, people who have access to the Registry requesting assistance in finding an investment adviser are referred to us, along with concurrent referrals to other such Paladin registered advisors. The prospective client has choices and can decide to speak with any, all, or none of those to whom s/he has been referred. We are also listed with the Financial Planning Association and the National Association of Personal Financial Advisors for potential referrals. We do not pay for these services specifically - they are included as a part of our membership in each of those professional membership organizations. We have also been admitted to the MD Preferred Financial Advisor Network, for which we pay an annual fee and through which prospective clients may contact us.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities and only relative to earned advisory fees. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

You should compare our reports with the statements from your account custodian(s) to reconcile the information reflected on each document. If you have any questions regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure and we will ensure that your need is served.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary client agreement, and the appropriate trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction.

However, we generally obtain your approval prior to placing any transactions and exercise our discretionary authority only in certain circumstances as detailed in the client agreement, such as for liquidity needs.

You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or impose restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case we would forward to you any electronic solicitation to vote proxies.

Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities or serve as trustee or signatory for client accounts and we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser and therefore this section is not applicable.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

From time-to-time we may make an error in submitting a trade order on your behalf. In these situations, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

If a profit results from the correcting trade, the profit will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons).

If the profit does not remain in your account and Schwab is the custodian, Schwab donates gains of \$100 or more to charity. If a loss occurs greater than \$100, our firm will pay for the loss. Schwab may retain gains of \$100 or less, if they are not kept in your account, to offset administrative expenses. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.