

# **FIRM BROCHURE**

(Part 2A of Form ADV)

August 24, 2015

## **Courier Capital Corporation**

1114 Delaware Avenue

Buffalo, NY 14209

Phone: (716) 883-9595

Fax: (716) 883-8048

[www.couriercapital.com](http://www.couriercapital.com)

**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Courier Capital. If you have any questions about the contents of this Brochure, please contact us at (716) 883-9595. 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.**

**Courier Capital Corporation is registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

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

## ITEM 2: MATERIAL CHANGES

This Brochure dated August 24, 2015 is prepared in accordance with the requirements and rules adopted by the United States Securities and Exchange Commission (“SEC”). Part 2A of Form ADV requires investment advisers to provide narrative, plain English disclosures regarding their advisory business in order to provide clients and prospective clients with more meaningful information about the adviser and its business practices.

Because of the amount of details provided within the brochure, Courier Capital Corporation (“Courier” or the “Firm”) encourages each client to read this brochure carefully and to contact us with any questions you may have. In particular, please note that the following Items are either new additions to Form ADV Part 2 or contain additional information not found in prior versions of the brochure:

*ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION* – updated to reflect the Firm's participation in the TD Ameritrade Institutional AdvisorDirect program. This update details the minimum eligibility criteria for participation in AdvisorDirect, the conflicts of interest in the selection process of Courier to participate in AdvisorDirect based on, among other things, the amount and profitability to TD Ameritrade, and that the AdvisorDirect program is a means of referring TD Ameritrade's brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers, such as Courier.

Pursuant to SEC Rules, Courier will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of Courier's fiscal year. Additionally, as Courier experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover. For more information about the firm, please visit [www.couriercapital.com](http://www.couriercapital.com).

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## **ITEM 4: ADVISORY BUSINESS**

### **A. Description of Firm**

Courier Capital Corporation, (“Courier” or the “Firm”) is a Buffalo, New York-based investment management firm, founded in 1967. Courier provides customized investment management services to individuals, high net worth clients, banking institutions, charitable endowments, and pension plans. As discussed more fully below, Courier assists clients in investment management and consultation, financial planning, portfolio management, pension consultation and selection of other advisers. Some of the securities instruments Courier advises its clientele on include, among other things, mutual funds, exchange traded funds (“ETFs”), equities, bonds, commodities and/or real estate.

Courier is currently registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and with the State of New York as a Corporation. The Firm conducts business in the following jurisdictions Alabama, Arizona, Hawaii, Idaho, Illinois, Indiana, Maryland, Maine, Minnesota, New Jersey, Rhode Island, South Carolina, Utah, Virginia, Wisconsin, New York, Florida, Massachusetts, Pennsylvania, California, Nebraska, New Hampshire, North Carolina, Ohio and Texas. Courier’s owners include Bruce Kaz, William Gurney, Randy Ordines and Thomas Hanlon.

Each of Courier’s owners (“Partners”) are part of the senior management team and serve primarily in a portfolio management role, with Mr. Kaz overseeing the firm’s equities model, Mr. Gurney managing fixed income instruments, Mr. Ordines overseeing the mutual fund and ETF selections and Mr. Hanlon managing retirement services.

### **B. Types of Advisory Services Offered**

Courier provides three types of advisory services: Investment Management Services, Retirement Planning Services and Individual Financial Planning Services, and Investment Consulting Services, each of which is more fully described below. Dependent on which financial advisor is appointed to separately manage a client’s account, the management of a particular strategy selected for the account may vary for similarly situated clients who have similar goals, yet varied prior experiences.

#### **1. Investment Management Services**

Courier offers clients a tailored investment management solution that encompasses not only the traditional asset classes of fixed income, domestic equities and foreign securities, but can also include alternative asset classes. Through use of an asset allocation approach, Courier provides investment management services based on a thorough understanding of each client’s independent investment objectives.

The first stage of Courier’s Investment Management Services typically involves the gathering of relevant information and the completion of a Client Profile, Investment Policy Statement or other similar document (“Client Profile”). The Client Profile sets forth the Client’s investment objectives, risk tolerance, investment guidelines, time horizons and other important and

necessary information relating to the Client. Based upon this information, Courier selects an appropriate model (*i.e.*, either conservative, moderate conservative, moderate, moderately aggressive and aggressive) for on-going management. For some long-term and/or high net worth clients, Courier performs a traditional style of separately managed account (“SMA”) portfolio management. Depending upon the strategy selected by the adviser, Courier invests client assets in various allocations and types of securities, including but not limited to: mutual funds, ETFs, stocks, bonds, commodities and/or real estate investment trusts (“REITs”). Please refer to Item 8 for more information on Courier’s investment strategies and their associated risks. In addition, Courier may use certain third-party managers (“TPMs”) to effect various strategies on behalf of a client’s account.

Courier typically manages all client assets on a fully discretionary basis, but for some clients, may provide non-discretionary management upon request and at the sole discretion of the Firm. In exercising full discretionary authority, Courier selects, without first obtaining client’s permission, (1) the securities to be bought and sold; (2) the amounts of securities to be transacted and whether it will be individually or block traded; (3) the broker-dealer through which transactions will be executed; and where applicable, (4) the TPM to be used to manage a portion of the client’s portfolio. Courier’s discretionary authority may be subject to conditions imposed by a client. This may occur when a client restricts or prohibits transactions in a security for a specific company or for an industry sector, or requests that the Firm place trades with a specific broker-dealer (aka “directed brokerage”). If one or more restricted categories are designated by a client, Courier is authorized to determine in its discretion the specific securities that will be treated as falling within any such categories.

Courier’s clients may also elect for Courier to utilize an *InvestView* investment approach. For Courier’s *InvestView* services, the Firm employs a defined process for each step in the investment management cycle including goal setting and risk/return profiling, asset allocation modeling, investment selection (utilizing TPMs, funds and securities) and implementation, and ongoing monitoring and reporting. This approach helps to provide a robust engineered process to provide long-term investment solutions. Clients electing to receive Courier’s *InvestView* services will also be issued an *InvestView* Report that will assist the client in tracking the achievement of their financial goals and objectives.

For those portfolios utilizing TPMs, Courier has a disciplined process for selecting best-in-class asset managers. The universe of TPMs are screened and reviewed for style consistency, historical performance, down-side risk and information ratio. Through fundamental analysis, Courier reviews the performance and risk attribution of each manager. Using qualitative analysis, Courier then conducts due diligence through meetings, discussions and Investment Committee vetting, which occurs no less than quarterly. At the conclusion of this process, the TPM is selected.

Those TPMs selected by Courier typically are diversified among multiple strategies, asset classes, regions, industry sectors and securities. Once the TPM commences services, Courier continues to monitor the designated managers to ensure they adhere to the philosophy and investment style for which they were selected. Courier’s ongoing review includes, but is not limited to, assessment of the TPM’s disclosure brochure, performance information, on-site visits, materials (including questionnaire responses) supplied by the TPM, evaluation of the manager’s

investment strategies, personnel turnover, regulatory events, ownership changes and corporate earnings reports.

The mutual funds and ETFs utilized within Courier's model portfolios go through a very similar selection, monitoring and evaluation process. Each fund selected is based on an extensive analysis by Courier's Investment Committee, and once implemented, is monitored to ensure the fund continues to meet its objective.

Notably, some of these funds may employ alternative or riskier strategies, such as the use of leverage or hedging. Leverage is the use of debt to finance an activity. For example, leverage is used when one uses margin to buy a security. Hedging on the other hand occurs when an investment is made in order to reduce the risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return, it also increases the amount of risk inherent in an investment. Other mutual funds may employ other alternative techniques which carry inherent higher degrees of risks. Please carefully review the models' underlying funds as well as other risk considerations as more fully described in Item 8.

For those clients who utilize SMA portfolio management services, Courier may provide individual stock and bond selections to meet the detailed investment objectives set forth by these affluent clients. Throughout the process, Courier performs security selection based upon research of the underlying companies, communications with research analysts, real-time market data, ongoing analytics and earnings reviews, and in-depth analysis of company fundamentals. Once that evaluation is complete, the security may be added to the client's portfolio and is continuously monitored for imbalances or shifts.

As noted above, clients generally are allowed to impose reasonable restrictions on the types of securities and/or industries they do not want to be included in their portfolio. Once this information is gathered, each client is responsible for informing Courier in writing of any changes to these restrictions or to their overall investment objectives. Courier does not assume any responsibility for the accuracy of the information provided directly by its clients.

## 2. Retirement Planning Services

Through decades of experience, resources, and technology, Courier provides non-discretionary advisory services to companies who are starting-up and/or managing existing 401(k) plans ("Retirement Planning Services"). Such services are tailored to the company's specific needs and may include recommending investment options for plans to offer to participants, quarterly reviews of a plan's investment options, assisting plan fiduciaries in creating and/or updating the plan's written investment policy statements, providing general investment educational seminars to plan participants and working with plan service providers.

Uniquely, Courier does not manage proprietary mutual funds nor receive compensation from recommending certain fund companies. Courier strives to provide diversified investment selections strictly through its analytics of the marketplace and the objectives of the company relating to its 401(k) plan. Through the Firm's use of preferred partners, Courier is able to

deliver fully bundled retirement plan solutions, or alternatively, can work with a company's existing plan service provider to deliver customized solutions.

### **3. Financial Planning Services**

In certain limited circumstances, Courier provides financial planning to its advisory clientele who request such services. Generally, such services are provided for no additional fee and includes, but is not limited to, providing advice regarding asset allocation; risk management; portfolio analysis; and evaluation and review of investment accounts. To begin the process, Courier generally collects, organizes and assesses various client data including information concerning the client's lifestyle, risk tolerance, and cash flow, as well as identification of the client's financial concerns, goals, and objectives. The primary objective of this process is to allow Courier to assist the client in developing a strategy for the successful management of income, assets, and liabilities in order to meet the client's individual financial goals and objectives.

Clients receiving financial planning services will receive Courier's recommendations about various alternatives and have the option of utilizing Courier to implement these recommendations. Clients are advised that a potential conflict of interest exists if Courier recommends its own investment management services for which it will receive an investment advisory fee; see Item 5 for additional information. There can be no assurance that any products or services recommended by Courier are at the lowest available cost. Clients are free at all times to accept or reject any of Courier's recommendations provided under a financial plan.

### **4. Investment Consulting Services**

Many of our corporate and foundation clients desire Courier to monitor and analyze the quality of those multiple investment managers utilized within their portfolios. Courier's Investment Consulting Services is designed to provide clients with various asset allocations based on unique goals, risk tolerances and client objectives. The Firm has invested in the technology necessary to deliver comprehensive consultation reports that examine the universe of mutual funds as well as independent investment management firms that provide for ongoing analysis, reporting and monitoring as requested.

When our corporate clients engage Courier for Investment Management Services, Investment Consulting Services may be provided as a complementary service dependent upon the type of account, client objectives and asset size. Please see B.1., above, for a full description of the Firm's Investment Management Services.

For those corporate clients who desire Investment Consulting Services exclusively, Courier provides customized services tailored to each client's needs. Courier's Investment Consulting Services may involve the collection, organization, and assessment of all relevant documents and information concerning the corporate client's long-term goals and objectives, risk tolerance, cash needs and other factors. This allows Courier to develop a strategy for the successful management of income and assets in order to best meet the client's overall financial goals.

It is likely that through the Investment Consulting Services process, Courier will advise corporate clients to use Courier for its Investment Management Services. Clients are advised

that this poses a potential conflict of interest since Courier and its principals will receive remuneration if/when Courier's Investment Management Services are utilized by the client.

In addition, there can be no assurance that Courier's Investment Consulting Services or any product recommendations are at the lowest available cost. Clients are free at all times to accept or reject any of Courier's recommendations. Moreover, if a client decides to implement any recommendations, the client may, but is under no obligation to, utilize Courier to implement those recommendations.

Those clients who wish to engage Courier for implementation of the Firm's recommendations may be required to execute an addendum to their existing written agreement with Courier. Under these circumstances, the fees charged for Investment Consulting Services may be applied to Courier's future Investment Management Services.

### **C. Wrap-Fee Programs**

Courier does not provide portfolio management services to any wrap fee programs, as that term is defined the instructions to Form ADV Part 2.

### **D. General Information About Courier's Advisory Services**

#### **1. Gathering Individual Client Information**

As explained above, Investment Management Services and InvestView Services provided by Courier are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, Courier typically will memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in the Client's Profile. This information, together with any other information relating to the client's overall financial circumstances, will be used by the Firm to determine the most appropriate asset allocation and investment strategy to best meet the client's financial goals. There may be times when certain restrictions are placed by a client which prevent the Firm from accepting or continuing to service the client's account. Courier reserves the right to not accept and/or terminate a client's account if it feels that the client imposed restrictions would limit or prevent it from meeting and/or maintaining its objectives.

Courier will not assume any responsibility for the accuracy of the information provided by the client. The Firm is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying the Firm in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies the Firm of changes in the client's financial circumstances, Courier will review such changes and may recommend revisions to the client's portfolio.



## 2. Advisory Agreements

Prior to engaging the Firm to provide investment advisory services, the client will be required to enter into one or more written agreements with the Firm setting forth the fees to be charged and the terms and conditions under which it will render its services. Courier will provide a Brochure and one or more Brochure Supplements to each client or prospective client prior to or contemporaneously with the execution of Courier's advisory agreement. The advisory relationship will continue until terminated by the client or Courier in accordance with the provisions stated within the written agreements.

### **E. Assets Under Management**

As of December 31, 2014, the following represents the amount of client assets under management by Courier on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$982,040,117
Non-Discretionary	\$244,930,293
Total:	<b>\$1,226,970,410</b>

## **ITEM 5: FEES AND COMPENSATION**

### **A. Advisory Fees**

As noted above, the client will be required to enter into a written agreement with Courier setting forth the terms and conditions, including those fees under which Courier shall render its services. Such fees are subject to negotiation under certain circumstances and at the sole discretion of the firm.

For Courier's Investment Management and InvestView Services, fees are based upon a percentage of assets under management, which generally range from 0% - 1.25% annually. The actual amount of the fee is based on, among other things, the amount and types of assets managed, the number of client accounts, the long-term relationship with the firm and the client's advisory service selected (*i.e.*, model portfolio versus separately managed account management). The following Annual Fee Schedule may apply:

#### Annual Fee Schedule\*

Advisory Fee (%)	Assets Under Management
.95	\$0 - \$500,000
.85	\$500,001 - \$1,000,000
.65	\$1,000,001 - \$2,000,000
.45	\$2,000,001+

\*Based on various circumstances, the fees charged for certain clients may vary.

For Investment Management and InvestView Services provided by Courier, client fees are billed in arrears and paid quarterly at the rate of .25% of the annual fee based on the fair market value of the client's portfolio(s) as of the last day of the calendar quarter. At each quarter-end, the client's custodian will provide a quarterly custodial statement reflecting the portfolio's performance and Courier's investment management fee, which will be automatically debited from the Client's account by Courier, unless otherwise noted in the client's advisory agreement.

For the first billing cycle, the Investment Management and InvestView Services Fees will be prorated based on the number of days that the Client's account is open during the quarter. In the event that Courier's services are terminated mid-quarter, the annual fee shall be prorated through the date of termination and any earned, unpaid balance will be immediately due and payable by client.

For its clients that desire *only* Financial Consulting Services, Courier charges either hourly or fixed fees, which will vary based on the required services. For example, for Financial Consulting Services, Courier's fees generally range from \$0 to \$350/hour. For these services, Courier will provide client with an invoice reflecting the amount due and the payable date at the end of each calendar quarter.

For Retirement Planning Services provided by Courier, the Firm's fees are generally based on the following fee schedule:

Retirement Planning Fee Schedule\*

Advisory Fee (%)	Assets Under Management
.5	\$0 - \$2,000,000
.35	\$2,000,001 - \$5,000,000
.15	\$5,000,000 +

\*Based on various circumstances, the fees charged for certain clients may vary.

Courier's Advisory Fees are negotiable and may be waived or varied for certain clients in its sole discretion. Lower fees for comparable services may be available from other sources.

**B. Other Fees and Expenses**

Clients should understand that the fees described above are exclusive to Courier and do not include certain charges imposed by third parties such as custodial fees, execution costs, mutual fund fees and expenses, and management fees charged by TPMs. Client assets also may be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For mutual funds and ETFs, clients may be charged internal management fees, distribution fee and other expenses as are found in the funds' prospectuses. Notably, Courier will not receive any portion of these other fees and expenses.

Clients should understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account are generally paid out of the assets in the account and are in addition to the advisory fees charged by Courier. Please refer to Item 12 of this Brochure for additional important information about Courier's brokerage and transactional practices, including considerations for selecting broker-dealers for client transactions.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Courier does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, Courier does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, Courier provides Investment Management Services for a fixed fee, hourly charges and/or based upon a percentage of assets under management, in accordance with SEC Rule 205(a)(1). Notably, accounts that are managed in the same style (*e.g.*, moderately aggressive) may not be managed the same way due to the client's overall investment objective, discretion of the investment professional assigned to the account, asset size and account restrictions.

## **ITEM 7: TYPES OF CLIENTS**

Courier provides advisory services primarily to individuals and high net worth individuals, as well as to banking or thrift institutions, pension and profit sharing plans, charitable organizations, and corporations or other business entities. If a Client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Courier acknowledges that it is a fiduciary to the plan under Section 3(38) of ERISA.

While Courier does not impose a minimum portfolio size or investment size to open an account, the Firm does reserve the right to accept or decline a potential client for any reason in its sole discretion.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

As mentioned in Item 4 above, Courier utilizes various methods of analysis in formulating its investment advice for managing assets. Courier employs a defined process for each step in the investment management cycle. This includes ongoing selection, implementation and monitoring.

Courier carefully selects its investments by beginning with a performance evaluation and screen of the broadest possible universe of assets and fund managers (collectively, "Managers"). Managers that qualify from a performance standpoint are then examined to determine their process for security selection, portfolio construction and sell decisions. Once that evaluation is complete, a qualitative examination of the management firm is conducted. During this phase, Courier gains insights through reviewing reports from external industry data providers, including

market news reports, financial publications, corporate rating services, outside research reports, annual reports, prospectuses, SEC filings and company press releases. Utilizing this broad information gathering process, Courier attempts to determine what Managers and investments appear to be suitable and in line with the investment objectives of each of its clients, and typically selects Managers based on its investment approaches that are diversified among multiple strategies, asset classes, regions, industry sectors and holdings. This same approach is applied towards individual securities as well.

Investing in securities involves risk of loss that clients should be prepared to bear. The investment strategies Courier may pursue on behalf of clients may include long- and short-term purchases, dependent upon the client's investment objectives and current needs. Courier may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. For example, Courier may recommend specific stocks, bonds or funds to increase sector weighting and/or dividend potential, or may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. Additionally, Courier may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

## **B. Material Risks**

Investing in securities involves a significant risk of loss. Courier's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the Client's account, which Clients should be prepared to bear. There can be no assurance that the Client's investment objectives will be obtained and no inference to the contrary should be made. Prior to entering into an agreement with Courier, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in the stock market can occur, and (3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

In addition to those risks outlined in Item 4, some of the risks associated with investing in securities and funds recommended by Courier that clients should be aware of include, but are not limited, to the following:

- **Allocation Risk**: the risk that a portfolio could lose money as a result of less than optimal or poor asset allocation decisions as to how its assets are allocated or reallocated.
- **Interest-Rate Risk**: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk**: The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

- Credit Risk: The risk that a portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.
- High Yield Risk: High yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) are subject to greater levels of credit and liquidity risks.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.
- Political and Legislative Risk: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others unsystemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Derivatives Risk: This is the risk of investing in derivative instruments, including liquidity, interest rates, market, credit and management risks, mispricing or improper valuations. Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index and the investment could lose more than the principal amount invested.
- Foreign Investment Risk: Investments in foreign securities may be riskier than U.S. investments because of factors such as, unstable international, political and economic conditions, currency fluctuations, foreign controls on investment and currency exchange, foreign governmental control of some issuers, potential confiscatory taxation or

nationalization of companies by foreign governments, withholding taxes, a lack of adequate company information, less liquid and more volatile exchanges and/or markets, ineffective or detrimental government regulation, varying accounting standards, political or economic factors that may severely limit business activities, and legal systems or market practices that may permit inequitable treatment of minority and/or non-domestic investors. Investments in emerging markets may involve these and other significant risks such as less mature economic structures and less developed and more thinly-traded securities markets.

It is important to note that while Courier typically invests for the long-term and does not engage in high frequency trading, certain TPMs selected by Courier may employ such strategies. As a result, such frequent trading may result in increased brokerage and other transaction costs, which generally could reduce investment returns over time.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as Courier are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Courier or the integrity of its management. Courier does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Other Financial Industry Activities**

In 2010 Courier and Lawley Benefits Group, LLC formed Lawley-Courier Advisors, LLC ("LCA"). LCA provides customized retirement plan consulting services to plan sponsors, trustees, and other retirement plan fiduciaries. While LCA does not provide portfolio management services to any plan sponsor or its participants, it does assist its clients in plan management, consultation and selection of other investment advisers. Courier's clients should be aware that Thomas Hanlon and other Courier financial advisers provide retirement plan consulting services through LCA. From time to time, Mr. Hanlon and other Courier financial advisers may refer Courier clients to LCA for retirement plan consulting services. Alternatively, they may refer LCA clients to Courier for investment advisory services. In these circumstances, Mr. Hanlon may receive compensation from his position at LCA, which will be disclosed to the client at the time of engagement. Courier clients are under no obligation to utilize retirement plan consulting services through LCA.

Neither Courier, nor any member of its management is registered as a futures commission merchant, commodity pool operator or commodity trading advisor.

Two members of Courier's senior management team also have outside financial industry activities which the Firm believes may be material to Courier's clients and/or prospective clients.

First, in addition to his activities at Courier, Mr. Randy Ordines, Courier's Treasurer and Managing Director of Consulting Services, has limited involvement in four outside business activities, three of which are nonprofit organizations. Mr. Ordines serves as Treasurer and

Director of the Lenna Foundation, a nonprofit organization located in Jamestown, New York, which makes interest-free grants, gifts and loans to charitable organizations, institutions, and foundations within the United States. In addition, Mr. Ordines serves as a Director of the Resource Center, a Jamestown-based nonprofit organization dedicated to providing services to persons with disabilities in the Chautauqua County area. Mr. Ordines also serves as Director of the Jamestown Renaissance Corporation, a nonprofit organization dedicated to urban design planning. For each of these positions, Mr. Ordines receives no compensation and devotes approximately six hours annually to each. Notably, on a pro bono basis, Courier manages one or more accounts for the three nonprofit organizations listed above.

Mr. Ordines also serves as an advisory board member to Jamestown Savings Bank. As a member of the advisory board, Mr. Ordines is compensated for attending approximately six meetings per year. In the past Mr. Ordines has referred Courier clients in need of trust services to Jamestown Savings Bank, which may represent a potential conflict of interest which clients should be aware. None of these positions represent a substantial source (*i.e.*, more than 10%) of Mr. Ordines' time or income.

Secondly, in addition to his activities at Courier, Mr. William Gurney has limited involvement in various outside business activities. First, Mr. Gurney is a passive owner of Regional Waste and is not involved in the day-to-day management of the company. Mr. Gurney also has a partial ownership interests in three real estate partnerships, one of which he serves as the managing member. For each of these partnerships, Mr. Gurney does not devote a substantial amount (*i.e.*, more than 10%) of his time in any of the day-to-day operations. Finally, Mr. Gurney's spouse is a passive, minority owner of approximately two dozen businesses in the healthcare and real estate industries. This could represent a potential conflict of interest as from time to time Courier's clientele may invest in one of these companies, which would mean that Mr. Gurney is receiving an indirect benefit from such investment.

#### **B. Courier's Relationship with TD Ameritrade**

Courier participates in the TD Ameritrade Institutional Program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Courier's participation in the program and the investment advice it gives to its clients, although Courier receives economic benefits through its participation in the program. These benefits include, among other things, the following products and services which Courier receives without cost or at a discount: receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk service adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transactions fees and to certain institutional money managers; and discounts on marketing, technology and practice management products or services provided to Courier by third-party vendors. TD Ameritrade also may pay for business consulting and professional services received by Courier or its employees. Some of the products and services made available by TD Ameritrade through the program may benefit Courier but may not benefit its client accounts. These products or services may assist Courier in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to

help Courier manage and further develop its business enterprise. The benefits received by Courier or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Courier endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Courier in and of itself creates a potential conflict of interest and may indirectly influence Courier's choice of TD Ameritrade for custody and brokerage services. Please refer to Item 12 for additional information.

### **C. Recommendations of TPMs and Related Conflicts**

As described in more detail under Item 4, above, Courier may recommend the services of certain TPMs as part of its overall asset allocation for certain client accounts.

Courier may have arrangements with certain TPMs whereby Courier receives a percentage of the fees charged by such managers. If Courier refers a client to a TPM where a Courier investment professional receives compensation based on a percentage of the fees charged by such TPM, that investment professional may be compensated for its services by receipt of a referral fee paid directly by the TPM to Courier in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and any corresponding state securities laws, rules, regulations, or requirements. Any such fee will be paid solely from the TPMs investment management fees and will not result in any additional charge to the client.

A conflict in interest arises as the sharing of fees creates a financial incentive to recommend that clients invest with a certain TPM that customarily allows Courier's investment professionals to share in the investment management fees or to invest with TPMs with a higher percentage splits of fees to Courier investment professionals. This conflict is managed by the supervision of all TPM recommendations on behalf of clients by the Firm's Investment Committee to ensure the recommendation is within the parameters set forth by the Investment Committee, the Firm's method of analysis and by Courier's Code of Ethics and fiduciary responsibility to each client.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics Summary**

The Advisers Act imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. Courier's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all employees to act with integrity in all of our dealings.

Because Courier's investment professionals and associated persons may transact in the same securities for their personal accounts as they may buy or sell for Client accounts, it is important to mitigate potential conflicts of interest. To that end, Courier has adopted personal securities transaction policies in the form of a *Code of Ethics* ("Code"), which all of Courier's associated persons must follow. This Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code requires personnel to report personal trades and



holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. Courier will provide a copy of the Code to any Client or prospective Client upon written request.

Courier obtains information from a wide variety of publicly available resources. Courier and its personnel do not have, nor claim to have, insider or private knowledge.

#### **B. Participation or Interest in Client Transactions**

Because the Code would permit associated persons of Courier to invest in the same securities as clients, there is a remote possibility that the associated person could benefit from market activity by a client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between Courier and its clients.

Courier does not affect any principal or agency cross securities transactions for client accounts, nor does it affect 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. 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. Should Courier ever decide to affect cross-trades between client accounts, it will comply with the provisions of Rule 206(3) of the Advisers Act.

#### **ITEM 12: BROKERAGE PRACTICES**

There are several factors which Courier considers when selecting or recommending broker-dealers (including those broker-dealer custodians) for client transactions. Amongst these factors are their qualitative services and reasonableness of compensation as described below.

Except in limited situations as noted in the client's advisory agreement and determined at the commencement of a client relationship, Courier has full discretion to determine which broker-dealer should be used to effect transactions for client accounts. When Courier places orders for execution in client accounts, transactions are allocated to broker-dealers for execution in various markets at prices and commission rates that, based upon Courier's good faith judgment, it believes will be qualitatively in the best interest of the client. While Courier typically uses TD Ameritrade as its broker-dealer custodian, other brokers-dealer custodians used by Courier may include Fidelity, HSBC, Prudential, M&T Bank, and J.P. Morgan. The following factors contribute to the decision on which broker-custodian is actually selected.

### **A. Selection Criteria**

When performing Investment Management Services, Courier generally affects all transactions for Client accounts through TD Ameritrade or another broker-dealer custodian. Courier typically does not allow client directed brokerage. Courier periodically evaluates the commissions charged and the service provided by the custodian and compares those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians. Other factors Courier may consider when evaluating its choice of custodian include:

- Ability to trade mutual funds and other investments that Courier determines suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Quality of customer service and interaction with Courier;
- Discount transaction rates; and
- Reliability and financial stability.

For those clients who are permitted to direct brokerage and select broker-dealers not recommended by Courier, clients should be aware that Courier may not be able to negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and Courier will have limited ability to ensure that the broker-dealer selected by the client will provide best possible execution.

Please refer to Item 10.B, above, and Item 12.B. and C., below, for more information on Courier's relationship with, and benefits received from TD Ameritrade.

### **B. Best Execution and Soft Dollar Benefits**

As stated above, Courier has full discretion to place buy and sell orders with or through such brokers or dealers as it may deem appropriate. It is the policy and practice of Courier to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In order to achieve best execution, Courier will use its best judgment to choose the broker-dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution.

When Courier believes that more than one broker can offer the brokerage and execution services needed to obtain the best available price and most favorable execution, consideration may be given to selecting those brokers which also supply research services of assistance to Courier in fulfilling its investment advisory responsibilities. Such services may include research reports, services and seminars, computer software and related hardware for services. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." Some of these services are provided to Courier as part of a "bundled package" from the broker-dealer. However, Courier's clients may pay higher commission rates than those normally obtained from other brokers. Moreover, some of the services may benefit a specific segment of Courier's clients. Courier does not attempt to match a particular client's trade executions with broker-dealers who have

provided research services which have directly benefited that client's portfolio. Rather, research services received by Courier are used for the ultimate benefit of all of its clients. This also benefits Courier since it does not have to produce or pay for the research, products or services. Consequently, Courier may have an incentive to select or recommend a broker-dealer based on these benefits rather than in the clients' interest in receiving most favorable execution. While clients may in certain circumstances direct Courier to use a specific custodian, Courier's selection of the custodian may keep costs down. Due to Courier's relationship with TD Ameritrade, TD Ameritrade has agreed to pay for certain expenses on behalf of Courier. Such benefits includes servicing fees, taxes and ancillary fees associated with these products, which may or may not benefit, directly or indirectly, any Courier client, and will not increase any costs to Courier's TD Ameritrade clients. For more information, contact TD Ameritrade at (800) 783-1086. Importantly, Courier's receipt of such benefits may or may not be offered to other independent advisers that participate in the program. Courier is still obligated to review best execution and act in the best interest of its clients regardless of this relationship.

TD Ameritrade may provide support to Courier for the following research and client services:

- FT Interactive Data
- iRebal
- Morningstar
- Orion Advisors
- Telemet Orion

Other broker-custodians, such as HSBC, Morgan Stanley, Prudential, M&T Bank and Fidelity may offer similar benefits to Courier. Additionally, SunGard provides Courier with the soft dollar benefit of access to ByAllAccounts and our Telemet exchange fee.

Notably, Courier has a potential conflict of interest in recommending its clients to have their assets held in custody with these custodians due to the incentive and receipt of these soft dollar benefits. TD Ameritrade, and others, may consider the amount and profitability to the custodian of the assets in, and trades placed for, Courier's client accounts when determining whether to continue providing these additional services to Courier. Currently, Courier pays no fees to TD Ameritrade for receiving these additional services.

In furtherance of the best of interest of its clients, Courier will periodically review the broker-dealer firms used to execute client transactions, taking into account the above qualitative considerations, among others, such as reliability, accuracy, competency of bundling trades, timing of execution, and many other factors.

### **C. TD Ameritrade Institutional Program**

Courier participates in the TD Ameritrade Institutional Program<sup>1</sup>. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade

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<sup>1</sup> This program is provided by TD Ameritrade Institutional, which is a division of TD Ameritrade, Inc., member FINRA/SIPC.

execution, clearance and settlement of transactions. Courier receives some benefits from TD Ameritrade through its participation in the program.

Courier receives from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include Orion Advisors, Telemet Orion, and Morningstar, Inc.

TD Ameritrade provides the Additional Services to Courier in its sole discretion and at its own expense, and Courier does not pay any fees to TD Ameritrade for the Additional Services. Courier and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services. Courier’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Courier, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Courier’s client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Courier, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Courier may have an incentive to recommend to its clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Courier’s receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

As stated above, considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TD Ameritrade as the broker and custodian for certain of its current and future client accounts, Courier takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade’s automatic portfolio rebalancing service for advisors known as “iRebal.”

The standard iRebal annual license fee applicable to Courier is \$80,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$80,000 per year for each of as many as five years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute “plan assets” of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If Courier does not maintain the relevant level of taxable assets on the TD Ameritrade platform, the Firm may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although Courier believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Courier's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

#### **D. Trade Aggregation and Allocation**

Generally, Courier effects transactions for each client account independently. However, when able to, Courier (and/or the TPMs) may aggregate trades of accounts. Trade aggregation, or "bunching of orders," may or may not result in better realized prices. Because of Courier's style of model portfolio management utilizing mutual funds and ETFs, or alternatively, separately managed account management, which consists of individual, customized portfolio management, it may not be possible bunch orders. Alternatively, even when possible, Courier may not be able to execute all shares of an aggregated trade because of prevailing market conditions, in which case Courier will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. Ordinarily, the executing broker-dealer will provide an average price, and where possible, average transaction costs that will be allocated to all accounts participating in the aggregated trade. In certain cases, Courier (and/or the TPMs) may not be able to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions. For clients requiring directed brokerage, typically Courier may not be able to effectively "bunch" orders on the client's behalf, which could impact the possible advantage clients derive from the aggregation of orders.

#### **E. Brokerage for Client Referrals**

In selecting or recommending broker-dealers, Courier may receive client referrals from a broker-dealer, TPM or other third-party solicitor, which creates a potential conflict of interest. This is because Courier may have an incentive to select or recommend a broker-dealer based on its interest in receiving client referrals rather than on the client's interest in receiving most favorable execution. When referring broker-dealers refer a client to Courier, no attempt will generally be made to negotiate commissions on the client's behalf and that, as a result, in some transactions these clients will pay materially disparate commissions depending on their commission arrangement with the referring registered representative established prior to the referral to Courier. To mitigate this potential conflict of interest, Courier strives at all times to put the interests of its clients ahead of its own. The Firm also reviews its brokerage arrangements and practices periodically to help ensure that its clients have the opportunity to receive best execution for their transactions.

### **ITEM 13: REVIEW OF ACCOUNTS**

Courier investment professionals periodically review their designated client accounts on a regular basis and no less than quarterly. Each investment professional averages less than 100 relationships under management. Client accounts are reviewed for suitability in light of each client's investment objectives, risk tolerance and financial goals, in conjunction with the framework of the portfolio models established by the Investment Committee and in accordance with separately managed account protocols as further described in Item 4.

Courier's Investment Committee is responsible for the general oversight of all supervised persons. The Investment Committee meets no less than quarterly and is comprised of Bruce Kaz, Randy Ordines, William Gurney and Thomas Hanlon. At each of these meetings, the Investment Committee discusses portfolio management, fundamentals, model portfolio constituents, asset allocation, and areas of potential concern. The Investment Committee is divided into three primary areas: equities, bonds and public funds. Mr. Kaz (Courier's President) is responsible for overseeing equities. Mr. Ordines (Courier's Treasurer) supervises all fund activities. Mr. Gurney (Courier's Secretary) oversees bonds and other fixed-income products.

On a periodic basis, Courier may provide its high net worth clientele with reports detailing performance, portfolio characteristics, transaction history and attributes regarding their accounts. These reports are generally issued on a quarterly basis and may be provided in writing or telephonically.

Courier may review client accounts more frequently in light of changes to the tactical allocation targets and specific investments approved by the Investment Committee. In addition, possible changes in clients' goals and objectives, risk aversion, time horizon, or changes in the investment environment or tax laws, that may warrant portfolio reviews and adjustments are discussed with clients as needed. Furthermore, clients are urged to contact the Firm soon after any change in circumstance that impacts their risk tolerance, time horizon, investment objectives, tax status or other information that the Firm may have relied upon when rendering its investment advisory services.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Courier is provided with an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. Courier may enter into these "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Courier in its investment decision-making process. The receipt of such services may be perceived to serve as an economic benefit to Courier, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution. Please refer to Items 10 and 12 which more fully describes these benefits and how Courier addresses the conflicts of interest.

If a client is introduced to Courier by either an unaffiliated or an affiliated solicitor, Courier may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Specifically, in addition to its referral arrangement with TD Ameritrade as further described below, Courier has referral agreements with unaffiliated accounting firms and/or accountants, whereby they refer prospective clients to Courier for investment services in exchange for a referral fee. Any such referral fee shall be paid solely from Courier's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Courier by an unaffiliated solicitor, the solicitor shall provide the client with a copy of Courier's Form ADV Part 2 or other written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and

a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. The solicitor is required to obtain the client's signature acknowledging receipt of Courier's disclosure brochure and the solicitor's written disclosure statement. Any affiliated solicitor of Courier shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Courier's Form ADV Part 2 or other written disclosure brochure at the time of the solicitation. Since in some states, a solicitor is also required to be qualified and registered as an investment adviser representative, Courier has developed internal controls for ensuring its solicitors are registered as required.

Please refer to Item 10.A. above, for information regarding client referral arrangements Courier may have with LCA and Item 14.A. below for its referral arrangement with TD Ameritrade.

**A. Participation in the TD Ameritrade AdvisorDirect Program**

Courier receives client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect Program. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Courier has been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Courier and has no responsibility for Advisor's management of client portfolios or Courier's other advice or services. Courier pays TD Ameritrade an ongoing fee for each successful client referral. This fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to Courier ("Solicitation Fee"). Courier also will pay TD Ameritrade the Solicitation Fee on any advisory fees received by Courier from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Courier on the recommendation of such referred client. Courier will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure Brochure, which is provided by TD Ameritrade.

Courier's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade refers clients through AdvisorDirect to those investment advisers, such as Courier, that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Courier has an incentive to recommend to clients to custody their assets under management TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, for those clients referred to Courier through AdvisorDirect, Courier has agreed not to solicit such clients to transfer their accounts away from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so.

Courier's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

## **ITEM 15: CUSTODY**

Pursuant to Rule 206(4)-2 of the Advisers Act, Courier is deemed to have custody of client funds because the Firm has the authority and ability to debit its fees directly from clients' accounts. To mitigate any potential conflicts of interests, all Courier client account assets will be maintained with an independent qualified custodian. Generally, Courier recommends TD Ameritrade for custodial services, but from time to time, other custodians may be used by Courier to custody assets. In the case of Investment Management Services utilizing a TPM, the TPM may select the custodian.

Notably, in most cases a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Courier may only implement its investment management recommendations after the client has arranged for and furnished Courier with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by Courier. Courier's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Items 10 and 12 for additional important disclosure information relating to Courier's practices and relationships with custodians.

## **ITEM 16: INVESTMENT DISCRETION**

### **A. Discretionary Authority; Limitations**

All Investment Management Services are performed by Courier on a discretionary basis, unless otherwise agreed upon at the inception of the client relationship and memorialized in the client's advisory agreement. In exercising its discretionary authority, Courier has the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, Courier's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on Courier's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to Courier in writing.





## **B. Limited Power of Attorney**

Unless clients specifically request in writing that Courier manage all or part of their account on a non-discretionary basis, by signing Courier's advisory agreement, clients authorize Courier to exercise full discretionary authority with respect to all Investment Management Services transactions involving the client's account. Pursuant to such agreement, Courier is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes Courier to give instructions to third parties in furtherance of such authority.

## **ITEM 17: VOTING CLIENT SECURITIES**

Courier has established a Proxy Voting Policy. When Courier is responsible to vote proxies on securities held in a client's account, Courier has adopted policies and procedures in an effort to ensure that all votes are cast in the best interests of our clients and that the proper documentation is maintained relating to how the proxies were voted. These policies and procedures are summarized below.

Courier has adopted proxy voting guidelines to make every effort to ensure the manner in which shares are voted is in the best interest of clients and the value of the investment. However, we reserve the right to delegate to a non-affiliated third party vendor, the responsibility to review proxy proposals and make voting recommendations to us. In addition, we may, in some cases, vote a proxy contrary to our guidelines if we determine that such action is in the best interest of our clients.

In cases where sole proxy voting authority rests with Courier for plans governed by ERISA, we will vote proxies in accordance with our proxy voting guidelines unless otherwise outlined in the plan's governing documents and subject to the fiduciary responsibility standards of ERISA.

Courier votes proxies as they are received. If at any time, Courier becomes aware of any type of potential or actual conflict of interest relating to a proxy proposal, such conflict is promptly reported to the Chief Compliance Officer. Conflicts will be handled in a number of ways depending on the type, materiality, and requirements of applicable laws, and will always be handled in the client(s) best interest.

There are certain situations or for certain accounts in which Courier will not vote proxies. For example, where a client has retained the right to vote the proxies or where a proxy is received for a client account that has been terminated.

A complete copy of Courier's Proxy Voting Policies and Procedures is available upon request. Clients may obtain information on how their proxies were voted by contacting Courier.

## **ITEM 18: FINANCIAL INFORMATION**

Courier does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Courier does not have any financial commitments that impair its ability to meet

contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.