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Investment Advisory and Consulting Services  
Brochure Date: March 26, 2015

This Brochure provides information about the qualifications and business practices of TrueNorth, Inc. ["TrueNorth", "TNI", or "Adviser"]. If you have any questions about the contents of this Brochure, please contact Margaret E. Hornbeck, Senior Vice President and Chief Compliance Officer, by telephone at 316-266-6573 or by email at [meh@truenorthcorp.com](mailto:meh@truenorthcorp.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

TrueNorth provides investment supervisory and consulting services as a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that will help you determine whether to hire or retain the Adviser.

Additional information about TrueNorth also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can locate our information on this site by using our unique identifying number, known as a CRD number. The CRD number for TrueNorth is **112091**.

## ITEM 2 – MATERIAL CHANGES

Information provided to you in Item 2 discusses specific material changes that are made to the Brochure since it was last updated. It also provides you with a summary of such changes. The date of the last annual update of our Brochure was January 2, 2014.

### **The following change became effective January 1, 2014:**

When TrueNorth, Inc. was founded in 1999, it was registered as an Investment Advisor with the Securities and Exchange Commission (“SEC”). TrueNorth’s original CRD number was 110198. TrueNorth formed a subsidiary in 2001 called TrueNorth Securities, Inc. (“TNSI”), with a CRD number of 112091. TNSI, a broker-dealer registered with the SEC, a member of Financial Industry Regulatory Authority (“FINRA”) and an insurance agency, was a wholly owned subsidiary of TrueNorth. Our staff was typically employed by both TrueNorth, Inc. and TNSI.

Effective January 1, 2014, TrueNorth, Inc. and TNSI were reorganized as a dual registrant. The term “dual registrant” means that we now function as one legal entity which is registered with the SEC as both an investment advisor and a broker-dealer, and is a member of FINRA.

The name of our company is TrueNorth, Inc. Our CRD number is 112091.

The investment supervisory and consulting services you receive from TrueNorth have not been affected by this change. Our management team and corporate officers remain the same with the exception of our Treasurer. David L. Strohm, who served as Treasurer of TNSI, will now serve in this capacity for the dual registrant. There were no changes to our board of directors, which was comprised of the same individuals for both TrueNorth, Inc. and TNSI.

*Please see Item 10, Other Financial Industry Activities and Affiliations, for more information.*

### **The following change became effective May 29, 2014:**

Certain of our Investment Professionals have attained the Certified Financial Planner (“CFP®”) designation. The Certified Financial Planner Board of Standards, Inc. *Rules of Conduct* requires Certified Financial Planner designees who provide financial advice to clients for compensation to disclose to you certain information concerning the certificant’s compensation.

*This disclosure information is provided in Item 14, Client Referrals and Other Compensation.*

We have offered or delivered, in the past, information about our qualifications and business practices to clients on at least an annual basis. We will ensure that you receive a summary of any materials changes made to our Brochure each year. This information is sent to you within 120 days of the close of our business’ fiscal year. We may also provide other ongoing disclosure information to you about material changes, as may be applicable.

We will also provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested, at no cost to you, by contacting Margaret E. Hornbeck, Senior Vice President and Chief Compliance Officer, at 316-266-6573 or via email at [meh@truenorthcorp.com](mailto:meh@truenorthcorp.com). Our free Brochure is also available on our website at [www.truenorthcorp.com](http://www.truenorthcorp.com).

Additional information about TrueNorth is also available to you at the SEC’s website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with TrueNorth who are registered, or are required to be registered, as investment adviser representatives of TrueNorth. You can search this site for information about our firm by using our CRD number: [112091](#).



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## ITEM 4 – ADVISORY BUSINESS

### OVERVIEW

TrueNorth is a registered investment advisor that specializes in providing:

- investment supervisory services (defined as giving continuous advice to a client or making investments for a client based upon his or her individual needs)
- investment consulting services (providing investment and/or financial advice on a limited basis)
- consulting services for employers on matters pertaining to qualified and non-qualified retirement plans

We provide our services to a broad range of clients including individuals, high net worth individuals, trusts, retirement plans, estates, pension and profit sharing plans, charitable organizations and corporations. Established in 1999, we are headquartered in Wichita, Kansas, with a second office in Denver, Colorado.

TrueNorth is a wholly owned subsidiary of The IMA Financial Group, Inc. ("IMA"). IMA is an employee-owned insurance brokerage/agency and employee benefits organization headquartered in Wichita, Kansas, with principal offices in Denver, Kansas City and Dallas.

### ASSETS UNDER MANAGEMENT

INVESTMENT SUPERVISORY SERVICES CLIENTS ASSETS UNDER MANAGEMENT AS OF 12/31/14	
Discretionary Assets	\$ 345,154,240
Non-Discretionary Assets	\$ 83,529,217
Total Client Assets Managed by TrueNorth	\$ 428,683,457

### SERVICES DESCRIBED IN THIS BROCHURE

We have developed two brochures that describe the services available through our firm. The information provided in this brochure focuses on our investment supervisory services and consulting services (other than qualified and non-qualified retirement plans). Our corporate consulting services provided to employers on matters pertaining to qualified and non-qualified retirement plans are described in a separate brochure. If you are interested in receiving the brochure that describes our retirement plan consulting services, please contact Margaret E. Hornbeck, Senior Vice President and Chief Compliance Officer by telephone at 316-266-6573 or by email at [meh@truenorthcorp.com](mailto:meh@truenorthcorp.com). It is also available free of charge on our website at [www.truenorthcorp.com](http://www.truenorthcorp.com).

### INVESTMENT SUPERVISORY SERVICES

"Investment Supervisory Services" is defined as giving continuous advice to a client or making investments for a client based on his or her individual needs. We typically provide these services on a discretionary basis, but we occasionally accept non-discretionary accounts. We allow clients to place reasonable restrictions on their discretionary accounts (see Item 16 for more information). We may also agree to design customized strategies for clients who have unique needs, investment objectives, risk tolerance, portfolio size and/or composition.

**Investment Management Philosophy.** Our team has extensive experience in the financial services industry. We are dedicated to providing superior service and innovative solutions to our clients. We strive to create and manage investment portfolios that are closely aligned with your long-term investment objectives and risk tolerance. We believe that asset allocation is the most critical element of any investment strategy. Asset allocation is a key component of our portfolio management decisions.

All similarly managed accounts will have individual portfolios constructed to meet similar investment goals. Our objective is to have client accounts conform in general to our universe of holdings. However, variations in individual account holdings may exist within the same strategy. Exceptions may be made under certain circumstances on an account by account basis (see Item 16 for additional information).



TrueNorth seeks to add alpha<sup>1</sup> strategically through security selection and sector<sup>2</sup> decisions, as well as adding value tactically through asset allocation decisions. A **strategic target asset allocation** is identified for your account (e.g., 70% stocks and 30% bonds). However, your **actual asset allocation** may vary from these ranges given our market outlook. The actual asset allocation of your account may vary significantly from its target asset allocation during periods in which we consider market risk extreme or market opportunities great.

**Investment Strategies - Equity Management Overview.** Three of our equity management strategies are invested primarily through selection of individual securities. These strategies are typically recommended to clients with sufficient assets to invest the equity portfolio according to the chosen strategy. The potential impact of trading expenses is also taken into consideration. If you invest in a strategy with higher trading activity (turnover) you will pay higher expenses in the form of trade commissions. Smaller portfolios that invest in a strategy with high trade activity usually have higher trading expenses (as a percentage of the account value) than larger portfolios. Investments used in our other equity management strategies are comprised primarily of mutual funds and index products. These strategies are typically recommended to clients with smaller equity allocations which may otherwise lack adequate diversification, be adversely affected by trading expenses or have regular withdrawal needs better facilitated by the use of such products. These strategies may also be recommended to clients taking scheduled distributions from their managed account, or who desire a strategy with lower turnover and/or broader portfolio diversification.

Our equity management strategies seek to add value through **tactical asset allocation**. Tactical asset allocation can vary from the strategic target allocation assigned to your account based upon our market outlook. During periods in which we anticipate excessive risk for equity values, we may make an allocation to securities with a low correlation<sup>3</sup> to the equity markets. These investments may include, but are not limited to, cash equivalents, fixed income, and mutual funds or index products that seek investment results that inversely correlate to the price movements of certain market indices or benchmarks, such as the S&P 500 Index. We typically make fewer tactical asset allocation shifts in our equity management strategies that invest primarily with mutual funds. This is because the mutual fund managers also typically exercise authority for these decisions within their respective fund.

**Investment Strategies – Fixed Income Management Overview.** Our fixed income management strategies focus primarily on wealth preservation and income generation. Bond portfolios may be comprised of individual bonds, mutual funds, ETFs and/or cash or cash equivalents. These decisions are based upon account size with an overall objective of providing adequate diversification and avoidance of significant issue-specific concentrations. Individual bonds will be rated investment grade or higher by Moody's Investor's Service and/or Standard & Poor's at time of purchase, whereas mutual funds and ETFs may have a lower overall average credit rating. Eligible investments also include equity income securities.

Our fixed income management strategies also seek to add value tactically through asset allocation. Tactical asset allocation can vary from the strategic target allocation assigned to your account based upon our market outlook. This may result in a higher investment allocation to low-correlation assets, including equity income holdings, cash, and mutual funds or index products that seek investment results that inversely correlate to price movements of certain market indices or benchmarks, like the long U.S. Treasury Bond.

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<sup>1</sup> Alpha is a measure of performance on a risk-adjusted basis. It is often considered to represent the value that the manager adds to or subtracts from the portfolio returns.

<sup>2</sup> Sectors are areas of the economy in which businesses share the same or a related product or service, such as "Energy", "Financial", or "Healthcare".

<sup>3</sup> In statistics, correlation measures how strong the relationship is between two entities. In investing, low correlation means that different asset types have not performed in the same way: when returns on some asset types were declining, returns on others were declining less or even gaining.

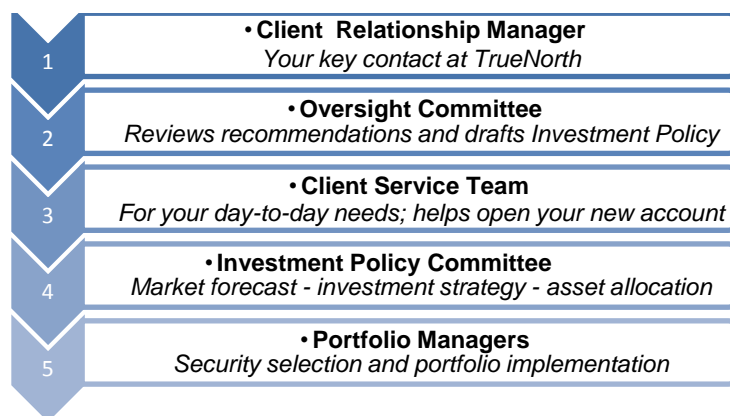


A summary our standard portfolio strategies TrueNorth has developed for our Investment Supervisory Services clients is provided below for comparative purposes:

TrueNorth Portfolio Management Strategies				
PORTFOLIO STRATEGY	OBJECTIVE	MINIMUM	PORTFOLIO STRATEGY	TYPICAL SECURITIES
Select Opportunities	Long-term growth and current income	\$250,000	Bias toward large-cap value. Portfolio comprised of "Core" and "Tactical" holdings. Core focuses on individual stocks that pay attractive dividends; Tactical holdings focus on broad market asset allocation.	Individual equities, mutual funds, Exchange-Traded Funds ("ETFs").
Long Term Appreciation	Long-term growth with relatively low turnover	\$250,000	Large-cap growth bias. Typical investment time horizon of 3-5 years. Higher concentration of holdings than other TrueNorth equity investment strategies.	Individual equities, ETFs.
Capital Appreciation	Long-term growth and current income	\$50,000	Bias toward large-cap value. Strategic and tactical allocation to domestic and international equities; seeks adequate diversification across capitalization and industry sectors.	Mutual funds, ETFs.
Aggressive Appreciation	Growth	\$50,000	Bias toward large-cap growth. Strategic and tactical allocation to domestic and international equities; seeks adequate diversification across capitalization and industry sectors.	Mutual funds, ETFs.
Strategic Allocation	Long-term growth; capital preservation	N/A	Seeks long-term growth. Manages risk through tactical asset allocation to stocks, taxable bonds and cash. Actual asset allocation varies over time without limitation based on market conditions and outlook.	Mutual funds, ETFs.
Focused Income	Current taxable income, growth, capital preservation	\$50,000	Balanced (stocks and bonds)	Mutual funds, ETFs, individual issues of securities.
Master Limited Partnership	Income	\$100,000	80% or more of portfolio invested in Master Limited Partnerships.	Individual securities, mutual funds, ETFs.
Multi-Asset Strategy	Current income, diversification from traditional stock/bond investments.	\$100,000	Strategy favors global equity and fixed income securities within non-traditional asset categories (i.e., investments other than common stocks and investment grade bonds).	Individual securities, mutual funds, ETFs.
Intermediate Term Income	Current income	\$250,000	Seeks current income. Focus on equity income securities and other income-producing securities.	Mutual funds, ETFs.
Taxable Income Opportunities	Taxable income; capital preservation	\$200,000	Focuses on taxable bonds; may also hold equity income securities and other income-producing securities.	Individual bonds, mutual funds, ETFs.
Municipal Bond	Tax-exempt income; capital preservation	\$250,000	Invests with a focus on federal tax exempt municipal securities.	Individual bonds, bond mutual funds, ETFs.



**Getting Started.** At TrueNorth, we work as a team to develop investment management strategies, execute portfolio management decisions, and meet your day-to-day needs. When you work with TrueNorth, you benefit from our collective experience and expertise. Each of our employees is directly accessible to you, and we work closely together on an ongoing basis to provide our services to you. The services we provide to you are coordinated by your Relationship Manager. This person serves as your key contact at TrueNorth. The following is an overview of how your relationship with TrueNorth begins:



Your goals and objectives are established through a comprehensive discussion with your Relationship Manager. Important discussion topics include determining your tolerance for risk and a review of your current investments. Your Relationship Manager works closely with our Oversight Committee to review these findings and discuss your needs in detail. The recommendations we make to you are finalized. An Investment Policy Statement is drafted for your review and approval. Your Investment Policy Statement is based upon your personal circumstances, risk tolerance and investment goals. It provides an overview of the investment strategy and target allocation we recommend for your portfolio. The portfolio management strategy and target allocation we recommend is guided by your stated objectives (e.g., growth, income, or a combination of growth and income).

For example, if your objective for a combination of growth and income, we can help you select both an equity strategy and bond strategy that aligns with your investment goals and risk tolerance. Your investment account would be given a strategic asset allocation that includes both the equity strategy and bond strategy. The strategic asset allocation we recommend would be based on your stated objectives. This allows us to include more equities for clients who want more potential for growth (such as 70% equities and 30% bonds). We could also include more bonds for clients who are more interested in capital preservation (for example, 30% equities and 70% bonds). Your allocation can also be changed if your investment objectives and risk tolerance change over time.

Our Client Service Team prepares new account paperwork for your signature, monitors the transfer of securities and/or account balances to your custodian (please see Item 12 for information about custodians recommended by TrueNorth). Our Service Team continues to work with you on an ongoing basis to help meet your day-to-day needs.

Your portfolio is reviewed to determine which of your existing holdings, if any, meet your new investment strategy. These assets would continue to be held in your account. Assets that do not meet the new investment strategy are replaced over time as market opportunities permit. Your account is normally brought into alignment with your new investment strategy within 90 days to 6 months, depending upon the strategy selected. This allows us the flexibility to consider current market conditions or other issues that may apply to specifically to you and your account (e.g., tax considerations).

Your Relationship Manager will schedule ongoing meetings with you at a frequency that best fits your needs (we recommend that we meet with you on at least an annual basis). Other members of our staff may participate in these meetings either as needed or at your request.



### CONSULTING SERVICES

You can also arrange to receive investment and/or financial advice on a limited basis. This may include advice on an isolated area(s) of concern or specific financial needs identified by you. Consulting services are flexible to meet a variety of needs. Engagement periods range from a one-time project to comprehensive services provided on either a periodic or ongoing basis.

## **ITEM 5 – FEES AND COMPENSATION**

### INVESTMENT SUPERVISORY SERVICES

We typically charge an annual fee for investment supervisory services as a percentage of assets under management. Account valuations utilize trade date accounting for fee calculation purposes and include accrued interest.

We occasionally agree to enter into a fee arrangement other than one based upon a percentage of assets under management. This decision is based on the amount of assets under management and the nature of the services to be provided.

TrueNorth's fees are subject to negotiation. Factors we consider in negotiating fees include the types of assets to be managed and whether the account will be managed on a discretionary or non-discretionary basis. We negotiate your fee with you, using the following schedule as a starting point:

<b>EQUITY AND BALANCED ACCOUNTS</b>		<b>FIXED INCOME ACCOUNTS</b>	
<u>Managed Assets</u>	<u>Annual Fee</u>	<u>Managed Assets</u>	<u>Annual Fee</u>
\$0 – \$500,000	1.50%	\$0 – \$500,000	1.25%
Plus Over \$500,000	0.90%	Plus Over \$500,000	0.75%

This fee schedule became effective on 3/29/07. Accounts of other TrueNorth clients may be subject to fee schedules which differ from this. We retain the right to provide services to related persons of TrueNorth and its affiliates at rates that are not made available to other clients. Lower fees for comparable services may be available from other sources.

The specific manner in which we bill for fees is established in our written agreement with you. We generally bill our fees in advance on a quarterly basis. We will provide you with an invoice that shows how your fee was calculated. You may either authorize us to deduct our fee from your account or choose to be billed directly for fees.

Our fees for investment supervisory services are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of contributions and withdrawals of less than \$5,000). Clients who initiate or terminate our services during a calendar quarter will pay a prorated fee. You have the right to terminate an agreement with us without penalty at any time after entering into the agreement. Upon termination, we will have no obligation to recommend or take any further action with regard to the securities, cash or other investments in your account. If you terminate our services, any prepaid, unearned fees will be promptly refunded to you, and any earned, unpaid fees will be due and payable to us. We will provide you a written notification showing how the final bill or refund is calculated.

We utilize, to the fullest extent possible, recognized and independent pricing services for valuation of your securities. Generally, your independent custodian is our primary pricing source. When we compute the market value for any security listed on a national security exchange, the security is valued at the last sale price quoted by the principal exchange where the security trades on the valuation date. Any other security or asset shall be valued in a manner, we believe in good faith, to reflect its fair value. Fixed income securities that trade over the counter may be priced by one or more custodians, and each may use a different pricing service. Only one price per security can be retained on TrueNorth's price file for security





valuation purposes. We will generally use the custodian where the majority of firm assets under management are held in custody as the default price to resolve this type of pricing issue.

Our fees for investment supervisory services are separate from, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which are incurred by you. You may incur certain charges imposed by custodians, brokers, and other third parties. These charges may include custodial fees, transfer tax, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. There are also separate fees and expenses charged to shareholders by mutual funds, exchange traded funds and money market mutual funds (where available cash balances within a managed account may be swept). Certain mutual funds may impose early redemption fees for shares bought and sold within defined time periods, typically up to 90 days after purchase. Mutual funds and exchange traded funds also charge internal management fees and may have other related expenses. Fees and expenses are described in each fund's prospectus. TrueNorth does not receive any portion of these brokerage commissions, transaction fees, and other related costs and expenses.

Review both the fees charged by the funds and the fees charged by TrueNorth to fully understand the total amount of fees you have paid. You can invest in a mutual fund and/or money market mutual fund directly, without the services of TNI. You would not, in that case, receive the services provided by TNI which are designed, among other things, to assist in determining which mutual fund or funds are most appropriate for your financial condition and objectives. You could also be subject to sales charges (or "loads") associated with certain mutual fund investments that are waived for clients of registered investment advisors, like TNI.

Item 12 of this Brochure describes factors that we consider in selecting or recommending broker-dealers for client transactions and how we determine whether their compensation (e.g., commissions) is reasonable.

#### CONSULTING SERVICES

Fees for consulting services are subject to negotiation. Each client's fee is separately negotiated, using the following schedule as a starting point. Factors we consider in negotiating fees are described below. Fees for specific consulting services are generally billed in one of two ways:

1. **A minimum hourly rate of \$250**, based on the experience of the TNI person(s) providing the service and the nature and complexity of the work requested. We will present an hourly rate to you prior to beginning any work and, if possible, an estimated number of hours for completion. Hourly fees are due and payable as earned.
2. **A fixed fee** for a particular consulting project, based on the nature of the project and the amount of time needed to complete the project. We typically request half of the fee to be paid upon accepting the consulting project with the balance due and payable upon completion.

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

Not applicable. TrueNorth does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **ITEM 7 – TYPES OF CLIENTS**

We provide investment supervisory services to individuals, high net worth individuals, corporations, trusts, corporate pension and profit-sharing plans, charitable organizations and foundations. We generally request that clients place an account of at least \$250,000 with us for investment supervisory services. We may consider accepting portfolios of less than \$250,000 in certain circumstances, including, but not limited to:

- clients that have at least one account valued at least \$250,000 managed by us;
- employees and related parties of TrueNorth and its affiliates;
- referrals of family members or other parties by an existing TrueNorth client;
- accounts that have the capacity to grow to at least \$250,000 within a reasonable time period; or
- individuals who participate in employer-sponsored defined contribution retirement plans for which we provide consulting services to the plan sponsor (or participants of employer-sponsored defined contribution plans for which TrueNorth serves as broker-of-record).



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

Investing in securities involves risk of loss that clients should be prepared to bear.

Our analysis methods include asset allocation analysis and portfolio modeling, in addition to individual security research. We incorporate both qualitative<sup>4</sup> and quantitative securities<sup>5</sup> analysis with respect to both individual securities and mutual funds.

Resources include independent economic, market, sector, and individual securities analysis we purchase for client asset management. We also subscribe to services that provide a wide range of sell-side analyst reports on market sectors and individual securities. TrueNorth incorporates both independent and sell-side opinions with its own internal qualitative and quantitative analysis.

We may occasionally purchase mutual funds or index products that from time to time sell securities short. Short sales may be made by the fund manager when it is believed that the price of a particular security will decline. Short sales involve the sale of a security which the fund does not own in hope of purchasing the same security at a later date at a lower price. The fund must borrow the security to make delivery to the buyer, and the fund is obligated to return the security to the lender. This is accomplished by a later purchase of the security by the fund. The fund will incur a loss as a result of a short sale if the price of the security increases between the date of the short sale and the date on which the fund purchases the security to replace the borrowed security.

The investment strategies described above may cause the fund(s) to have higher expenses than those of other mutual funds. The use of these types of mutual funds (and indirectly the investment strategies within these funds) may be speculative and creates additional degrees of risk for you. Short sales are speculative transactions and involve special risks, including greater reliance on the fund manager's ability to accurately anticipate the future value of a security. We recommend these types of mutual funds when suitable to your investment needs, goals and risk tolerance. Nothing regarding the recommendations of these types of funds should be construed as a guarantee of future investment results or capital returns.

## ITEM 9 – DISCIPLINARY INFORMATION

TrueNorth, as a registered investment adviser, is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of TrueNorth's management. TrueNorth has no information applicable to this Item.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### OUR FINANCIAL INDUSTRY AFFILIATIONS

**FINRA Broker-Dealer Activities.** TrueNorth is registered with the Securities and Exchange Commission ("SEC") as an Investment Advisor. The firm is also registered with the SEC as a limited securities broker-dealer and is a member of Financial Regulatory Authority ("FINRA"). It is also an insurance agency. Some of its principal executive officers are also engaged in the management of broker-dealer and insurance agency business. These individuals spend as much as 40% of their time involved in broker-dealer and insurance agency business. TrueNorth's associated persons are typically registered both as an Investment Advisor Representative and as a FINRA Registered Representative, and are typically licensed in one or more states as an insurance agent.

TrueNorth and its representatives make available products for non-qualified deferred compensation plans and defined contribution plans (such as 401(k) plans) as broker of record. Life insurance, disability insurance and long-term care insurance are also made available to TrueNorth customers.

<sup>4</sup> Quantitative analysis focuses on mathematical and statistical research such as the debt-to-equity and price-to-equity ratios.

<sup>5</sup> Qualitative analysis uses subjective judgment to evaluate information such as management expertise, industry cycles, labor relations, and other factors not generally identified through quantitative analysis.



Qualified and non-qualified defined contribution Plan Providers can usually choose the service arrangement they believe is best suited to the needs of the Plan. Plan Providers who wish to obtain retirement plan consulting services for a fee would enter into a consulting arrangement with TrueNorth serving as Registered Investment Advisor to their Plan. Those Plan Providers who wish to hire a broker for their company retirement plan and pay a brokerage commission to obtain these services would appoint TrueNorth to serve as broker of record to their Plan.

We do not buy or sell securities as principal or as agent for Investment Supervisory and Consulting Services clients. All securities transactions for your account are executed through non-affiliated brokers and/or dealers and held in an account established by you with an independent, qualified custodian that is not affiliated with TrueNorth (see Item 12 for more information). However, if you wish to purchase life, long-term care or disability insurance, or wish to hire a broker for an employer-sponsored retirement plan, we will offer these products to you as an agent of TrueNorth's insurance agency or as a Registered Representative of TrueNorth's Broker-Dealer. If you purchase these products through TrueNorth's insurance agency or broker-dealer, our associated persons may be eligible to receive a percentage of the commissions generated by these sales. You are under no obligation to purchase any products from TrueNorth.

**The IMA Financial Group, Inc. ("IMA")** IMA is the parent company of TrueNorth. IMA has numerous subsidiary corporations which are engaged in retail and wholesale insurance operations. If you are in need of professional insurance services for yourself or your business, we will refer you to IMA and its subsidiaries. Should insurance products be purchased as a result of this referral, TrueNorth's associated persons may be eligible to receive a percentage of the commissions generated by these sales. You are not obligated in any way to use IMA and its subsidiaries to purchase insurance products.

Referrals made by TrueNorth's associated persons will be made in accordance with our privacy policy under SEC Regulation S-P. We will not disclose your personal information unless it is (1) required by law; (2) at your direction, or (3) permitted by law and necessary to provide you with our services.

Please see Item 14 ("Client Referrals and Other Compensation") for information about other referral arrangements between TNI and its subsidiaries.

#### OUR OTHER FINANCIAL INDUSTRY ACTIVITIES

One of TNI's principal executive officers serves as trustee of a trust, and as a director of The IMA Financial Group, Inc., TNI's parent company. This individual spends as much as 10% of his time with these activities.

### **ITEM 11 – CODE OF ETHICS**

We have adopted a Code of Ethics ("the Code") for all of TrueNorth's supervised persons. The Code describes our high standard of business conduct and fiduciary duty to our clients. A summary of the Code has been provided in this section of our Brochure. You may obtain a copy of the Code by contacting Margaret Hornbeck, Chief Compliance Officer, at 316-266-6573 or by email at [meh@truenorthcorp.com](mailto:meh@truenorthcorp.com).

The Code includes provisions for, among other things:

- the confidentiality of client information;
- a prohibition on insider trading;
- a prohibition of rumor mongering;
- restrictions on the acceptance of significant gifts and a requirement to report certain gifts and business entertainment items;
- restrictions imposed on covered associates with respect to political contributions;
- personal securities trading policies and procedures;
- a requirement to obtain pre-approval before acceptance of any board appointment; and
- oversight, enforcement and recordkeeping

All of TNI's supervised persons are required to:

- acknowledge in writing the terms of the Code annually, or as amended;
- follow the Code; and
- act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.



TrueNorth and individuals associated with TrueNorth may buy or sell securities identical to, or different from, those recommended to customers for their personal accounts. Related persons may also have an interest or position in one or more securities which may also be recommended to a client. These situations represent a conflict of interest. The Code is designed to ensure that the personal securities transactions, activities and interests of our employees will not interfere with (1) making decisions in the best interest of our advisory clients and (2) implementation of these decisions while, at the same time, allowing our employees to invest for their own accounts.

Certain classes of securities have been designated as exempt transactions under the Code. These classes of securities were determined to pose little risk of material interference with the best interest of TrueNorth's clients. The security classes include open-end investment company shares, certificates of deposit, direct obligations of the U.S. Government, banker's acceptances, commercial paper and other high quality, short-term debt instruments.

The Code requires that all "access persons" (defined as an individual associated with TrueNorth having access to advisory recommendations) receive pre-clearance authorization from the President or Chief Compliance Officer of TrueNorth before purchasing or selling securities for their own accounts or the account of a household member. It is the expressed policy of TrueNorth that no access person is permitted to purchase or sell securities for their own account or the account of a household member in close proximity to trades placed for advisory clients in the same security transaction. This policy is intended to prevent access persons from personally benefiting from transactions placed on behalf of advisory accounts. Nonetheless, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading activity is continually monitored under The Code to reasonably prevent any such conflicts of interest between TrueNorth and our clients.

Accounts owned by TrueNorth and/or individuals affiliated with TrueNorth may trade in the same securities with managed client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances:

- the affiliated account(s) and client accounts will share commission costs equally and receive securities at a total average price;
- we will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order;
- completed orders will be allocated as specified in the initial trade order;
- partially filled orders will be allocated on a pro rata basis; and
- exceptions will be documented in writing.

#### PRINCIPAL AND AGENCY CROSS-TRANSACTIONS

A "*principal transaction*" is generally described as a transaction where an adviser buys for its own account (or for the account of an affiliated broker-dealer) or sells from its own account (or from the account of an affiliated broker-dealer) a security to one of its advisory clients. A principal transaction may also be deemed to have occurred if a security transaction is "crossed" between an affiliated hedge fund and an advisory client account. TrueNorth does not have an affiliated hedge fund. TrueNorth does not affect any principal securities transactions for client accounts under any circumstances.

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 the person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. TrueNorth does not transact any investment purchases or sales in its capacity as a registered broker-dealer on behalf of TrueNorth investment supervisory and consulting services clients. Both sides of securities transactions for your account are executed by non-affiliated broker-dealers (see Item 12 for more information).



## ITEM 12 – BROKERAGE PRACTICES

### BROKERAGE CONSIDERATIONS

We do not maintain custody of your assets that we manage for you. We may be deemed to have custody of your assets if you give us authority to withdraw assets 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 request that you use either Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, Member SIPC or Fidelity Brokerage Services, LLC (“Fidelity”), a registered broker-dealer, Member NYSE, SIPC, as your qualified custodian.

We are independently owned and operated and are not affiliated with either Schwab or Fidelity. Schwab or Fidelity will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we request that you use either Schwab or Fidelity as custodian/broker, you will decide whether to do so. You will open your account by entering into an account agreement directly with Schwab or Fidelity. We do not open the account for you, although we will assist you in doing so. Not all advisors request their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab or Fidelity, we can still use other brokers to execute trades for your account as described below (see “Brokerage Discretion – Prime Brokerage”).

### HOW WE SELECT BROKER-CUSTODIANS

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

- combination of transaction execution services and asset custody services (generally without a separate fee for custody services);
- breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- capacity to execute, clear and settle trades (buy and sell securities for your account)
- capacity to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payments, 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, other fees, etc.) and willingness to negotiate the prices
- reputation, financial strength and stability
- prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab and Fidelity”).

We have evaluated both Schwab and Fidelity and have determined, based on our experience with them, they offer clients an excellent blend of services and reputation, competitive commission rates, and access to mutual funds otherwise not available to TrueNorth or our clients.

These firms generally do not charge you separately for custody services but instead are compensated by charging you commissions or other fees on trades they execute or settle into your account. For some accounts, you may be charged a percentage of the asset value of your account in lieu of commissions.

We may not be able to accept clients who wish to utilize other custodians.

Even though we request that you use specific broker-custodians, you should independently evaluate each provider to ensure that the firm you select will provide you with the best blend of service and cost.

Schwab commission rates were negotiated based on the condition that our clients collectively maintain a total of at least \$230 million of their assets in accounts at Schwab. Fidelity commission rates were negotiated based on the condition that our clients collectively maintain a total of at least \$100 million of their assets in accounts at Fidelity. In addition, Schwab and Fidelity charge you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the





securities bought or the funds from the securities sold are deposited (settled) into your Schwab or Fidelity account (see “*BROKERAGE CONSIDERATIONS - PRIME BROKERAGE*”, below, for more information”).

#### **PRODUCTS AND SERVICES AVAILABLE TO US THROUGH SCHWAB AND FIDELITY**

Schwab Advisor Services™ (“SAS”) and Fidelity Institutional Wealth Services (“FIWS”) are Schwab and Fidelity’s businesses that serve independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab and/or Fidelity retail customers. They also make available various support services. Some of these services help us manage or administer our clients’ accounts. Others help us manage and grow our business. These support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets at Schwab, and Fidelity. If our clients collectively have less than \$10 million at Schwab or at Fidelity, Schwab and/or Fidelity may charge us quarterly service fees of \$1,200. Following is a more detailed description support services made available by Schwab and Fidelity:

**Services That Benefit You.** Institutional brokerage services available through SAS and FIWS include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through SAS and FIWS include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** SAS and FIWS also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both from Schwab and Fidelity as well as third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab or Fidelity. In addition to investment research, SAS and FIWS also make available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations or account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping and client reporting

**Services That Generally Benefit Only Us.** SAS and FIWS also provide 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, business succession and marketing
- Access to employee benefits providers, human capital consultants, and insurance providers

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

**Our Interest in Schwab and Fidelity Services.** The availability of these services from SAS and FIWS benefits us because we do not have to produce or purchase them. We do not have to pay for either Schwab or Fidelity’s services as long as a total of at least \$10 million of our clients’ account assets are maintained with both Schwab and Fidelity. Beyond that, these services are not contingent upon us committing to either SAS or FIWS any specific amount of business in trading commissions or assets in custody. This minimum asset requirement may give us an incentive to request that you maintain your account with either Schwab or Fidelity, based on our interest in receiving services from Schwab and Fidelity that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our request to choose Schwab or Fidelity as custodian and broker is in the best interest of our clients. Our recommendation is primarily supported by the scope, quality and price of these services and not the services that benefit only us. Given the amount of our client assets under management as shown in Item 4





of this Brochure, we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at both Schwab and Fidelity in order to avoid paying quarterly service fees to Schwab and Fidelity presents a material conflict of interest.

#### DIRECTED BROKERAGE ARRANGEMENTS

Many clients, when entering an advisory relationship with TrueNorth, already have a pre-established relationship with a broker. Clients may ask TrueNorth to execute all transactions for their account(s) through that broker or dealer. However, if we believe the use of that broker-dealer would hinder us in meeting our fiduciary obligations, we will not be able to accept the account for investment supervisory services. It should be understood that, if you direct TrueNorth to use a particular broker or dealer, under those circumstances:

- we will not have authority to negotiate commissions or obtain volume discounts;
- best execution may not be achieved;
- the accounts may not be able to be included in aggregated orders and
- our other clients may pay lower commission charges.

TrueNorth has contracted with a third party provider to provide balance and transaction information for custodian accounts for whom such data links are not available by other means. We do this primarily to provide account reporting services to our clients and up-to-date portfolio information to our staff. TrueNorth will pay all related expenses associated with this service. You will be asked to provide this written authorization to your custodian, if applicable. This authorization is at your discretion.

#### BROKERAGE CONSIDERATIONS – PRIME BROKERAGE

Our clients typically grant us discretionary authority to pick a broker other than the client's custodian to execute a trade. "*Prime Brokerage Service*" is provided by many custodians and is designed to give account holders (with an authorized Advisor to trade for their account and who meets other requirements) the ability to execute trades of certain assets through broker-dealers other than their custodian. Your account must qualify to participate in prime brokerage transactions. Clients are required to maintain in their account a minimum net equity value as established by their custodian. This amount is equal to or greater than the minimum net equity value required by the Securities and Exchange Commission for prime brokerage participation (currently set at \$100,000).

We request that you provide written authority for us to determine the broker-dealer to use for your transactions and the commission costs that you will pay for these transactions. Any limitations you wish to place on this authority shall be provided to TrueNorth in writing. You may change or amend these limitations. Such amendments shall be submitted in writing.

We limit the number of brokers that may be used for prime brokerage transactions. The current list of approved prime brokers is available upon request.

If your account does not qualify for prime brokerage, we will not have the ability to place trades with any broker other than your broker-custodian. In effect, absent prime brokerage, we will direct all transactions for your account to your designated broker-custodian. We will therefore not have authority to negotiate commissions among various brokers or obtain volume discounts. Best execution may not be achieved.

If you apply for Prime Brokerage Services with your selected broker and your account qualifies for Prime Brokerage Services, TrueNorth has the ability and authority to determine the broker to use for securities transactions. We will not, have the ability to negotiate your commissions on a trade by trade basis. This is also applicable to commissions charged to TrueNorth clients who use the brokers that we recommend.

If we utilize a broker other than your custodian broker, your account may be subject to a "prime broker fee" for each transaction executed. This prime broker fee is typically charged by your broker-custodian to help offset their costs in processing Prime Brokerage Service trades. This prime broker fee is charged in addition to commissions paid by you to the executing broker.

These additional costs are taken into consideration by TrueNorth in evaluating the total commission expense of prime broker transactions. As a result, we generally have your broker-custodian execute most trades for your account in order to minimize your trading fees. We have determined that having your broker-custodian (either Schwab or Fidelity) execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all



relevant factors, including those listed above (see “How We Select Brokers/Custodians”). Other advisors may utilize brokers other than their clients’ custodian broker on a regular basis.

#### TRADE AGGREGATION AND ALLOCATION

TrueNorth typically aggregates together purchases or sales of the same security for multiple accounts. We are not, however, obligated to aggregate purchases and sales. When we do aggregate orders, all accounts included in the block trade will participate at the average share price. Each account participating in a block trade will share in transaction costs equally and on a pro-rated basis. Block trading allows TrueNorth to execute transactions in a more timely and equitable manner, as detailed below. Clients participating in block transactions do not receive the benefit of negotiated commissions, as we do not have that authority on an account-by-account or transaction-by-transaction basis. Due to the nature of TrueNorth’s business, we generally place “mini-block” transactions. Mini blocks are block trades segregated by broker-custodian and/or by TrueNorth portfolio manager or investment management strategy.

Priority of orders between unrestricted accounts and directed brokerage accounts will be handled on a rotation basis to provide impartial treatment of client transactions. Clients who establish non-discretionary accounts or who place certain restrictions on discretionary account may experience delays in order execution as compared to clients with unrestricted discretionary accounts. They also may be excluded from aggregated transactions and may not have their orders filled in the priority order described herein.

TrueNorth may aggregate trades for itself or for its associated persons with non-affiliated client trades, providing that the following conditions are met:

1. Our policies for aggregation of transactions is fully disclosed in this Brochure and separately to our existing clients (if any) and the broker-dealer(s) through which these transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution (including our duty to seek best price) for our clients and is consistent with the terms of our investment advisory agreement for each client for whom trades are being aggregated.
3. No advisory client will be favored over any other client. Each client that participates in a block trade order will participate at the average share price obtained for the block order participants in a given security on a given business day. Depending upon the broker used, transaction costs will either be shared on a pro-rated basis or calculated based on the number of shares traded for each client.
4. We will prepare, before entering an aggregated order, a written statement (“Allocation Statement”) specifying the participating client accounts and how we intend to allocate the order among those clients.
5. If the aggregated order is filled in its entirety, it is allocated among clients in accordance with the Allocation Statement. If it is partially filled, the order is allocated pro-rata based on the Allocation Statement.
6. The order may be allocated on a basis different from that specified in the Allocation Statement (as described in 5, above) if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved by our Chief Compliance Officer no later than one hour after the market open on the trading day following the day the order was executed.
7. Our books and records will separately reflect, for each client account, the orders of which are allocated, the securities held by, and the securities bought and sold for that account.
8. Funds and securities of clients whose orders are aggregated are deposited with one or more banks or broker-dealers. Neither the clients’ cash nor the securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis. Cash or securities held collectively for clients will be delivered to custodian bank or broker-dealer as soon as practicable following settlement.
9. We will not receive any additional compensation or remuneration of any kind as a result of the proposed aggregation.
10. Individual advice and treatment will be accorded to each TrueNorth client.

#### TRADE ERRORS

From time to time we may make an error in submitting a trade order on your behalf. When this happens, we typically place a correcting trade for your account. TrueNorth is responsible for losses that are the result of TrueNorth trade errors. If an investment gain results from the correcting trade, it is our intent to leave the profit 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
- after consulting with you, you decide to forego the gain (e.g., due to tax reasons).

Charles Schwab & Co., Inc. has its own trade error policy for clients who choose Schwab as their custodian. If the gain does not remain in your account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. Schwab will retain the loss or gain (if the gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. If a loss occurs greater than \$100, TrueNorth will pay for the loss. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

#### SOFT DOLLAR ARRANGEMENTS

TrueNorth does not participate in any soft dollar arrangements. A “*soft dollar arrangement*” is one in which the investment manager directs the commission generated by a transaction to a third party or in-house party in exchange for services that are for the benefit of the investment manager’s clients, but are not client directed. Soft dollars, in contrast to hard dollars (actual cash which has to be reported), are incorporated into brokerage fees and paid expenses, and may not be reported directly.

#### SECURITIES CLASS ACTION LAWSUIT FILINGS

We have entered into an arrangement with Chicago Clearing Corporation (“CCC”) to provide you with a service that automatically files your forms for securities class-action lawsuits. CCC currently works with over 837 investment firms representing over \$618 billion in assets under management. You do not pay any fee to sign up for this service. You will not owe anything whatsoever to CCC until such time as CCC collects an award on your behalf. The fee you would pay for services provided by CCC is 20% of any amount collected. The service fee is paid entirely by you, and it is deducted from the amount collected by CCC on your behalf. The award is paid directly to you by CCC after they have deducted their 20% fee. The entire amount you pay for this service stays with CCC – we do not receive any share of the fee collected by CCC, nor do we receive any revenue in exchange for making this service available to you.

This service is available for each account you own that is “linked” to TrueNorth. CCC is able to provide claims processing for those securities we have purchased on your behalf, as well as other securities that have been held in these accounts for which you have provided us with cost basis and purchase history. You do not need to supply any copies of trade confirmations, nor do you need to sign or submit claim forms. TrueNorth will furnish to CCC the holding information for clients who choose to use this service.

You are not required to participate in this service. You may handle your own securities class action claims and receive 100% of any awards payable to you. Clients who “opt-out” of this service agree to research, document and submit their own class action lawsuit claims. New clients can “opt-in” by signing an authorization form at the time that we enter into an investment advisory arrangement with you. You may discontinue this service at a later date by contacting Christine Mies, Senior Vice President and Operations Manager, at 316-266-6579 or toll free at 877-305-1864, or by email at [christine.mies@truenorthcorp.com](mailto:christine.mies@truenorthcorp.com). Class action lawsuit claim information already received by CCC may continue to be processed by their firm following receipt of your service discontinuation notification.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### INVESTMENT SUPERVISORY SERVICES

**Review of accounts.** Securities held in the accounts of Investment Supervisory Services clients are reviewed continuously by members of the Investment Policy Committee (“IPC”). Each client account is also individually reviewed by one or more IPC members on a regular basis. More frequent reviews may be required for accounts comprised of individual securities (as opposed to those accounts invested primarily in mutual funds), accounts with periodic cash flows (either additions or withdrawals), balanced accounts (accounts that hold both stocks and bonds), or changes in a client’s individual circumstances or risk tolerance. Additional reviews may also be triggered by material market, economic or political events. IPC members evaluate the portfolio’s asset allocation, compare equity holdings to the portfolio’s designated



equity strategy, and consider the fixed income portfolio's overall structure, credit quality, duration, and potential for issue concentrations. Asset allocation is an ongoing process. Portfolio managers, as part of their ongoing responsibilities, review client portfolios and adjust asset allocation and individual holdings to conform to guidelines established by the IPC.

**Reports.** TrueNorth provides Investment Supervisory Services clients with written reports containing, at a minimum, the client's current holdings and investment performance results. You may also arrange to have additional periodic reports provided. Periodic account statements are also provided to you by your independent broker-custodian.

- Reports are provided on a quarterly basis for each individual account with a market value in excess of \$50,000. Delivery of your quarterly reports will begin at the end of the first full calendar quarter in which these services are provided for your account.
- Reports are provided on an annual basis for each individual account with a market value of less than \$50,000. We begin delivering annual reports at the end of the first year in which Investment Supervisory Services were provided to you for at least one full calendar quarter. We may provide some of our clients with quarterly reports for individual accounts of under \$50,000, based either upon a previously written agreement or in consideration of the client's total assets under management in all related accounts.

Account values are initially reviewed as of the end of the first full quarter for which Investment Supervisory Services were provided to determine whether the account value(s) meet quarterly or annual report guidelines. Account values are reviewed as of January 1 of each year thereafter.

#### CONSULTING SERVICES

**Review of accounts.** Consulting clients may arrange for reviews of their accounts for a separate fee.

**Reports.** Consulting clients that use the services of a broker-custodian will receive periodic account statements prepared by their broker-custodian. These account statements will be delivered directly to the consulting client by the broker-custodian. Consulting clients may also arrange to receive customized written reports from TrueNorth. The nature and frequency of any custom reports will be determined based upon individual client needs and circumstances. A separate fee for custom reports may be required, depending upon the complexity, frequency, and nature of the reports.

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

#### **Client Referrals**

Some of our affiliated individuals also earn compensation based in whole or in part on (1) acquisition and retention of investment advisory client assets under management and (2) consulting fees paid to TrueNorth.

#### **Other Compensation**

#### ECONOMIC BENEFIT FROM SCHWAB AND FIDELITY

We receive an economic benefit from Schwab and Fidelity in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts with Schwab and/or Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (Item 12 – Brokerage Practices). The availability to us of Schwab and Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

#### COMPENSATION DISCLOSURE FOR TRUENORTH'S CERTIFIED FINANCIAL PLANNER DESIGNEES

The Certified Financial Planner Board of Standards, Inc. *Rules of Conduct* requires Certified Financial Planner designees ("CFP® professional" or "certificant") who provide financial advice to clients for compensation to disclose to you certain information concerning the certificant's compensation. This includes compensation that the:

- certificant receives/is entitled to receive from you for providing professional activities
- certificant's employer, affiliated broker-dealer or other related parties receives/is entitled to receive from a client/prospective client or other source for providing professional activities



- certificant receives/is entitled to receive from his/her employer, affiliated broker-dealer or other related parties, for providing professional activities

Compensation paid to investment professionals is typically based on revenues earned through one of the following arrangements: “fee-only”, “commission-only”, or “commission and fee”.

- The CFP Board’s Standards of Professional Conduct (“the Standards”) provides that a CFP® professional’s practice may be described as “fee-only” only if all of the certificant’s compensation from all of his/her client work comes exclusively from clients in the form of fixed, flat, hourly, percentage or performance-based fees.
- The Standards define “commission” as “compensation generated from a transaction involving a product or service and received by an agent or broker, usually calculated as a percentage on the amount of his or her sales or purchase transactions. This includes 12b-1 fees, trailing commissions, surrender charges and contingent deferred sales charges.” If a certificant or related party receives, or is entitled to receive, commissions for providing professional activities, the certificant must disclose the receipt of commissions as part of his/her compensation. For example, if the certificant works for a registered investment adviser that is under common ownership with a broker-dealer, CFP Board considers the broker-dealer to be a related party. Therefore, any certificant working for a firm that is under common ownership with a broker-dealer must include “commission” as part of his/her compensation disclosure.

TNI is registered as an Investment Advisor with the SEC, and is also registered with the SEC as a broker-dealer, member FINRA. TNI is also an insurance agency. Certain of our investment professionals have attained the CFP® designation. Our CFP® professionals are registered as Investment Advisor Representatives, and their compensation for work performed for investment advisory clients is in the form of fixed, flat, hourly or percentage fees. Our CFP® professionals are also Registered Representative of our broker-dealer and, as such, are eligible to receive commissions earned from the sale of investment products to employer-sponsored defined contribution retirement plans for whom TNI serves as broker of record. Our CFP® professionals also provide services as licensed insurance agents and are eligible to receive commissions for the sale of life, long-term care and disability insurance. Based on definitions provided by the CFP Board, TNI’s CFP® professionals are considered to be compensated on a Commission and Fee basis.

This information has not been reviewed, approved or verified by the CFP Board or by any governmental or self-regulatory authority. The CFP Board does not warrant the specific qualifications of individuals licensed to use its marks, nor does it warrant the correctness of advice or opinions provided.

Please see our Supplemental Brochure for background information about our Investment Professionals and CFP Professionals, including: Professional and Employment History, Educational Background, Professional Designations, Registrations Held, Disciplinary Information, and Outside Business Activities. It also provides information on the professional and educational requirements necessary to attain the Certified Financial Planner (CFP®) designation.

## **ITEM 15 – CUSTODY**

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your broker-custodian (typically Schwab or Fidelity) to deduct our advisory fees directly from your account. Your broker-custodian maintains actual custody of your assets.

You will receive account statements directly from your broker dealer, bank or other qualified custodian that holds and maintains your investment assets. These statements are the official records of your account. They will be sent to the email or postal mailing address that you provided to your custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare your custodian’s account statements to the periodic portfolio reports you will receive from us.

## **ITEM 16 – INVESTMENT DISCRETION**

Investment guidelines and restrictions must be provided to TrueNorth in writing. We usually receive discretionary authority from our clients at the beginning of an advisory relationship. Clients sign a limited





power of attorney directing their custodian to accept instructions from TrueNorth to purchase and sell securities in the client's account. This discretionary authority includes selection of the securities as well as determining the amount of securities to be bought or sold. This discretionary authority is to be exercised by TrueNorth in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for whom this advice is provided. Clients may change or amend these limitations as required, subject to our willingness to accept or retain accounts subject to such restrictions. Amendments must be provided to us in writing.

We will also allow clients to place reasonable restrictions on their discretionary accounts. Typical restrictions include, but are not limited to:

- restriction on the sale of specific low-basis holdings held in client's account; and
- prohibition on investment in one or more specific securities.

We prefer to manage advisory accounts on a discretionary basis, but will occasionally accept non-discretionary accounts. Clients who establish non-discretionary accounts or who place certain restrictions on discretionary accounts may experience delays in order execution as compared to clients with unrestricted discretionary accounts.

## **ITEM 17 – VOTING CLIENT SECURITIES**

We typically agree to vote proxies for portfolio securities as a courtesy to our clients. TrueNorth has adopted policies and procedures designed to ensure that proxies are voted in the client's best interest. We vote proxies related to securities held by investment supervisory services clients who provide us with specific, written authority to do so. This written authority is provided in our investment advisory agreement and through written instruction to your broker-custodian.

We have established an Investment Policy Committee ("IPC"). One role of the IPC is to make proxy voting decisions. Broadridge Financial Solutions ("Broadridge"), an independent third party, has been retained to act as an independent voting agent. Broadridge's role is to develop a Proxy Voting Policy, approved by our IPC, and to ensure that the mechanical voting procedures are completed and documented.

Final voting decisions are based on a pre-established set of policy guidelines and on the recommendations of Broadridge, based on its independent, objective analysis. This process helps ensure that proxies are voted in the best interest of our clients (defined as in the best economic interest of the shareholders of a company). The process also insulates, as much as possible, voting decisions from conflicts of interest. Although our IPC relies on the recommendations of Broadridge, our IPC ultimately retains responsibility for the votes. The IPC has the ability to override Broadridge vote recommendations, but we will only do this if we believe that a different vote is in the best interest of our client(s). If a material conflict of interest is presented that may affect our IPC's ability to vote proxies in the client's best interest, we will follow (and not override) Broadridge's specific voting recommendations.

If Broadridge itself has a material conflict of interest present, they will not issue a vote recommendation. Instead, our IPC will be asked by Broadridge to vote the ballots on the Broadridge system.

Please contact our Chief Compliance Officer to receive a report of how your proxies were voted or a copy of our complete proxy voting policies and procedures. See the cover of this Brochure for contact information.

If you choose to vote your own proxies, the solicitation materials will be delivered directly to you by your custodian (or by a third party agent through an arrangement with your custodian).

## **ITEM 18 – FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the firm's financial condition. TrueNorth has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not at any time been the subject of a bankruptcy proceeding.

