

# DiNuzzo Index Advisors, Inc.

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## Form ADV Brochure March 31, 2015

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This Form ADV Brochure provides information about the qualifications and business practices of DiNuzzo Index Advisors, Inc. (“DiNuzzo Index Advisors”). If you have any questions about the contents of this Form ADV Brochure, please contact us at (724) 728-6564 or [pjdinuzzo@dinuzzo.com](mailto:pjdinuzzo@dinuzzo.com). The information in this Form ADV Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about DiNuzzo Index Advisors also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to DiNuzzo Index Advisors as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## **Item 2           Material Changes**

Since last year's Annual Amendment filing on March 31, 2014, the principals of DiNuzzo Index Advisors created DiNuzzo Risk Management Solutions, LLC as an affiliated insurance agency. A more thorough explanation of the affiliated entity and the potential conflicts of interest that it creates can be found in Items 4 and 10, respectively.

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

- A. DiNuzzo Index Advisors is a corporation formed on December 4, 1997 in the Commonwealth of Pennsylvania (previous to which it was a sole proprietorship). DiNuzzo Index Advisors has been in business since 1989 and became registered as an Investment Adviser Firm in June 1998. DiNuzzo Index Advisors is owned by Patrick J. DiNuzzo and Mark S. DiNuzzo. Patrick J. DiNuzzo is DiNuzzo Index Advisors' President.
- B. As discussed below, DiNuzzo Index Advisors offers to its clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage DiNuzzo Index Advisors to provide investment advisory services on a *fee* basis. DiNuzzo Index Advisors' annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under its management.

The above annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of DiNuzzo Index Advisors), DiNuzzo Index Advisors may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

#### **MISCELLANEOUS**

**Limited Consulting/Implementation Services.** Although DiNuzzo Index Advisors does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, DiNuzzo Index Advisors *may* provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. DiNuzzo Index Advisors shall not receive any separate or additional fee for any such consultation services except as noted above in extraordinary situations. Neither DiNuzzo Index Advisors, nor any of its representatives, serves as an attorney or accountant and no portion of DiNuzzo Index Advisors' services should be construed as same. Certain clients of DiNuzzo Index Advisors may be referred to affiliate DiNuzzo Tax Consultants, LLC for accounting services. These services are separate and distinct from advisory services; advisory clients are under no obligation to engage the services of the affiliated accounting firm,

To the extent requested by a client, DiNuzzo Index Advisors may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.) including DiNuzzo Index Advisors' representatives, Mark S. DiNuzzo and/or Michael V. DiNuzzo, in their registered/licensed capacity as discussed below. In addition, the Registrant is affiliated with DiNuzzo Risk Management Solutions, LLC, a resident producer agency licensed with the Pennsylvania Insurance Department. The client is under no obligation to engage the services of any such recommended professional or affiliated agency. The client

retains absolute discretion over all such implementation decisions and is free to accept any recommendation from DiNuzzo Index Advisors. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the entity. **Please Also Note:** It remains the client's responsibility to promptly notify DiNuzzo Index Advisors if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising DiNuzzo Index Advisors' previous recommendations and/or services.

**IFA Arrangement.** DiNuzzo Index Advisors has an arrangement with Index Fund Advisors, Inc. ("IFA") wherein DiNuzzo Index Advisors pays a monthly fee to license portions of the IFA website (www.ifa.com). By virtue of this arrangement, IFA does not endorse or recommend DiNuzzo Index Advisors nor endorse or recommend any of DiNuzzo Index Advisors' investment strategies. Although IFA is a registered investment adviser, the arrangement between firms does not create an advisory or sub-advisory relationship.

**MoneyGuide Pro Platform.** The Registrant, in conjunction with the services provided by MoneyGuide Pro, may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by the Registrant (the "Excluded Assets"). **The client and/or his/her/its other advisors that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets.** The Registrant's service relative to the Excluded Assets is limited to reporting and non-discretionary consulting services only, which does not include investment implementation. The Registrant does not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority or wherein trading authority is delegated to another investment professional), the client (and/or the other investment professional), and not the Registrant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets nor receive a fee for such Excluded Assets. In the event the client desires that the Registrant provide investment management services (whereby the Registrant would have trading authority) with respect to the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between the Registrant and the client.

**Client Obligations.** In performing its services, DiNuzzo Index Advisors shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify DiNuzzo Index Advisors if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising DiNuzzo Index Advisors' previous recommendations and/or services.

**Disclosure Statement.** A copy of DiNuzzo Index Advisors' written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. DiNuzzo Index Advisors shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, DiNuzzo Index Advisors shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on DiNuzzo Index Advisors' services.
- D. DiNuzzo Index Advisors does not participate in a wrap fee program.
- E. As of March 30, 2015, DiNuzzo Index Advisors had \$433,378,500 in assets under management on a discretionary basis and \$7,593 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage DiNuzzo Index Advisors to provide investment advisory services on a *fee* basis.

### INVESTMENT ADVISORY SERVICES

If a client determines to engage DiNuzzo Index Advisors to provide discretionary investment advisory services on a *fee* basis, DiNuzzo Index Advisors' annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under DiNuzzo Index Advisors' management as follows:

Asset Management Account Fee Schedule\*

Tier	Step Amount (\$)	Annual Fee (%)
1	on first \$500,000	1.00%
2	on next \$500,000	0.80%
3	on next \$2 million	0.70%
4	on next \$2 million	0.50%
5	on assets in excess of \$5 million	0.40%

Blended Annual Fee: (Based upon above Fee Schedule)*		
\$1 million - .90%	\$5 million - .66%	\$9 million - .544%
\$2 million - .80%	\$6 million - .616%	\$10 million - .53%
\$3 million - .766%	\$7 million - .585%	\$15 million - .486%
\$4 million - .70%	\$8 million - .562%	\$20 million - .465%

\* Please Note: Although DiNuzzo Index Advisors requires a minimum account size of \$500,000 for investment advisory services. DiNuzzo Index Advisors may, at its sole discretion, waive its minimum asset requirement.

\* Please Also Note: DiNuzzo Index Advisors requires an annual minimum fee of \$5,000 for investment advisory services. DiNuzzo Index Advisors may, at its sole discretion, waive or reduce its minimum annual fee requirement.

The above annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation

services (to be determined in the sole discretion of DiNuzzo Index Advisors), DiNuzzo Index Advisors may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

- B. DiNuzzo Index Advisors' advisory fees are deducted from the client's custodial account. DiNuzzo Index Advisors' *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of DiNuzzo Index Advisors' investment advisory fee and to directly remit that management fee to DiNuzzo Index Advisors in compliance with regulatory procedures. In the limited event that DiNuzzo Index Advisors bills the client directly, payment is due upon receipt of DiNuzzo Index Advisors' invoice. DiNuzzo Index Advisors shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, DiNuzzo Index Advisors shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*"), TD Ameritrade, Fidelity Investments ("*Fidelity*") and/or Jefferson National serve as the custodian for client investment management assets. Custodians such as *Schwab*, *TD Ameritrade*, *Fidelity*, and *Jefferson National* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load institutional mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to DiNuzzo Index Advisors' investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. DiNuzzo Index Advisors' annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. DiNuzzo Index Advisors generally requires a \$500,000 minimum asset level and/or a minimum annual fee of \$5,000 for investment advisory services. DiNuzzo Index Advisors, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee or asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between DiNuzzo Index Advisors and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, DiNuzzo Index Advisors shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** On a limited basis, and where deemed appropriate for the client, the client may engage representatives of DiNuzzo Index Advisors, Mark S. DiNuzzo and Michael V. DiNuzzo, in their individual capacity as registered representatives of Beaconsfield Financial Services, Inc. ("*BFS*"), an unaffiliated SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. Generally, Mark and Michael DiNuzzo make commission-based recommendations limited to guaranteed income investments, long-term care, and life insurance after analyzing the client's overall life situation and

investment strategy. Such commission-based work is limited and comprises a very small portion (<10%) of Mark S. DiNuzzo, or Michael V. DiNuzzo's revenues. In the event the client chooses to purchase investment products through *BFS*, *BFS* will charge brokerage commissions to effect securities transactions, a portion of which commissions *BFS* shall pay to representatives of DiNuzzo Index Advisors, as applicable. The brokerage commissions charged by *BFS* may be higher or lower than those charged by other broker-dealers. Neither Mark nor Michael DiNuzzo will purchase mutual funds or individual equity securities for clients on a commission basis. All such mutual fund purchases or individual equity securities will be purchased on a fee-basis.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from representatives of DiNuzzo Index Advisors, Mark S. DiNuzzo or Michael V. DiNuzzo, through *BFS*, presents a potential ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from DiNuzzo Index Advisors' representatives through *BFS*. **DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above potential conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Mark S. DiNuzzo or Michael V. DiNuzzo through other, non-affiliated broker dealers or agents.
3. DiNuzzo Index Advisors does not receive in excess of 10% of its revenue from advisory clients from commissions and other compensation for the sale of investment products it recommends to clients. The majority of DiNuzzo Index Advisors' compensation and that of its representatives is derived from fee-based accounts.
4. When DiNuzzo Index Advisors' representatives sell an investment product on a commission basis through *BFS*, DiNuzzo Index Advisors does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, DiNuzzo Index Advisors' representatives do not also receive commission compensation for such advisory services. **However**, a client may engage DiNuzzo Index Advisors to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from DiNuzzo Index Advisors' representatives, through *BFS*, on a separate commission basis.

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

Neither DiNuzzo Index Advisors, nor any representative of DiNuzzo Index Advisors, accepts performance-based fees.

## Item 7           Types of Clients

DiNuzzo Index Advisors' clients shall generally include high net worth individuals, individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. DiNuzzo Index Advisors, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee or asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. **Methods of Analysis.** DiNuzzo Index Advisors may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

DiNuzzo Index Advisors may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities held less than a year)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by DiNuzzo Index Advisors) will be profitable or equal any specific performance level(s).

B. **Investment Strategies.** Research has shown that investment strategies that try to beat the market are not successful over the long term. DiNuzzo Index Advisors invests globally in capital markets through the use of index funds. DiNuzzo Index Advisors designs index fund portfolios to address clients' widely varying levels of risk. Index fund portfolios include equity, fixed income and real estate investment trust (REITs).

When structuring index portfolios, DiNuzzo Index Advisors does not attempt to time the market or specific sectors. Instead, clients are advised to buy, hold, and rebalance index portfolios that are globally diversified and incorporate an appropriate level of risk with a ratio of equities to fixed income as determined by the client's risk profile.

DiNuzzo Index Advisors applies the principles of Modern Portfolio Theory ("MPT"), which, in part, state that risk must be considered as well as return. Client portfolios are structured in an attempt to maximize expected return for a given amount of expected portfolio risk by carefully choosing the proportions of various index funds. Client



portfolios are structured using a large data series for asset class indexes. DiNuzzo Index Advisors most commonly recommends the mutual funds developed by Dimensional Fund Advisors (“DFA”). While DiNuzzo Index Advisors does not receive compensation for recommending DFA funds, nor does DiNuzzo Index Advisors or its representatives earn commissions on the sale of the mutual funds, DFA provides us with access to information necessary to generate risk and return data relative to their indexes and funds. This program assists DiNuzzo Index Advisors in providing data to clients and potential clients.

DiNuzzo Index Advisors’ methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, DiNuzzo Index Advisors must have access to current/new market information. DiNuzzo Index Advisors has no control over the dissemination rate of market information; therefore, unbeknownst to DiNuzzo Index Advisors, certain analyses may be compiled with outdated market information, severely limiting the value of DiNuzzo Index Advisors’ analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

DiNuzzo Index Advisors’ primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. **Risk of Loss.** Currently, DiNuzzo Index Advisors primarily allocates client investment assets among various mutual funds and/or exchange traded funds, on a discretionary basis in accordance with the client’s designated investment objective(s).

Investing involves risk of loss that clients should be prepared to bear. Material risks associated with the index strategy include the systematic risk of being invested in the market, known as “market risk.” In addition, generally, the market value of stocks will fluctuate with market conditions, and small-capitalization stock prices generally will move up and down more than large-capitalization stock prices. The illiquidity of the small-cap market may adversely affect the value of client investments. The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value (face value) at maturity. Interest rates for bonds may be fixed at the time of issuance or purchase, and payment of principal and interest may be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury. The market values of Treasury bonds will generally fluctuate more than Treasury bills, since Treasury bonds have longer maturities. In addition, there is no assurance that a mutual fund or an exchange traded fund will achieve its investment objective. High yield bonds are considered to be predominantly speculative with respect to the payment of interest and repayment of principal and may also be subject to greater volatility as a result of changes in prevailing interest rates than other debt securities.

Investments in overseas markets (international securities) also pose special risks, including currency fluctuation and political risks, and such investment may be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets. DiNuzzo Index Advisors does not represent or guarantee that its services or methods of analysis can or will predict future results or insulate clients from losses due to market declines. DiNuzzo Index Advisors does not offer any guarantees or promises that client financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Please Note:** While DiNuzzo Index Advisors does not use margin as an investment strategy or recommend its use to clients, some clients of DiNuzzo Index Advisors use margin accounts, to which the following disclosure is applicable:

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by DiNuzzo Index Advisors in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to DiNuzzo Index Advisors may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential *conflict of interest* whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to DiNuzzo Index Advisors. Accordingly, the decision as to whether to employ margin is not recommended by DiNuzzo Index Advisors and is left totally to the discretion of client.

## **Item 9           Disciplinary Information**

DiNuzzo Index Advisors has not been the subject of any disciplinary actions.

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

- A. **Registered Representative of BFS.** As disclosed above in Item 5.E, DiNuzzo Index Advisors' representatives, Mark S. DiNuzzo and Michael V. DiNuzzo, are registered representatives of *BFS*, an SEC registered and FINRA member broker-dealer which is unaffiliated with DiNuzzo Index Advisors.
- B. Neither DiNuzzo Index Advisors, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Broker Dealer.** As disclosed above in Item 5.E, on a limited basis, and where deemed appropriate for the client, clients can choose to engage Mark S. DiNuzzo and/or Michael V. DiNuzzo in their individual capacity, to effect securities brokerage transactions, through *BFS*, on a commission basis.

**Certified Public Accountant/Accounting Firm.** Patrick J. DiNuzzo, DiNuzzo Index Advisors' Chief Executive Officer, is also a Certified Public Accountant and a principal owner of DiNuzzo Tax Consulting, LLC, ("*DiNuzzo Tax*") an accounting firm. Clients can engage Mr. DiNuzzo or *DiNuzzo Tax* to perform accounting related services. To the extent that Mr. DiNuzzo and/or *DiNuzzo Tax* provides accounting and/or tax preparation services to any clients, including clients of DiNuzzo Index Advisors, all such services shall be performed by Mr. DiNuzzo and/or *DiNuzzo Tax*, in their respective individual professional capacities, independent of DiNuzzo Index Advisors, for which services DiNuzzo Index Advisors shall not receive any portion of the fees charged by *DiNuzzo Tax*, referral or otherwise. It is expected that the members of *DiNuzzo Tax*, solely incidental to their respective practices with *DiNuzzo Tax*, shall recommend DiNuzzo Index Advisors' services to certain clients. Although *DiNuzzo Tax* shall not receive referral fees from DiNuzzo Index Advisors, Mr. DiNuzzo may be entitled to receive distributions as an owner of *DiNuzzo Tax*. *DiNuzzo Tax* is not involved in providing investment advice on behalf of DiNuzzo Index Advisors, nor does *DiNuzzo Tax* hold itself out as providing advisory services on behalf of DiNuzzo Index Advisors.

**DiNuzzo Risk Management Solutions, LLC and Licensed Insurance Agents.** DiNuzzo Risk Management Solutions is a Resident Producer Agency licensed with the Pennsylvania Insurance Department. Both Mark S. DiNuzzo and Michael V. DiNuzzo, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients may engage Mark S. DiNuzzo and/or Michael V. DiNuzzo to purchase insurance products on a commission basis.

- **Conflict of Interest:** Sales from insurance products constitute a very small portion (<10%) of Mark's, Michael's and DiNuzzo Index Advisors' revenues. However, the recommendation by Mark S. DiNuzzo and/or Michael V. DiNuzzo that a client purchase a securities or insurance commission product presents a potential *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Mark S. DiNuzzo and/or Michael V. DiNuzzo. Clients are reminded that they may purchase securities or insurance products recommended by DiNuzzo Index Advisors through other, non-affiliated broker-dealers or insurance agents. **DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above potential conflict of interest.**

D. DiNuzzo Index Advisors does not recommend or select other investment advisors for its clients for which it receives a fee.

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

- A. DiNuzzo Index Advisors maintains an investment policy relative to personal securities transactions. This investment policy is part of DiNuzzo Index Advisors' overall Code of Ethics, which serves to establish a standard of business conduct for all of DiNuzzo Index Advisors' representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, DiNuzzo Index Advisors also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by DiNuzzo Index Advisors or any person associated with DiNuzzo Index Advisors.

- B. Neither DiNuzzo Index Advisors nor any related person of DiNuzzo Index Advisors recommends, buys, or sells for client accounts, securities in which DiNuzzo Index Advisors or any related person of DiNuzzo Index Advisors has a material financial interest.
- C. DiNuzzo Index Advisors and/or representatives of DiNuzzo Index Advisors *may* buy or sell securities that are also recommended to clients. This practice may create a situation where DiNuzzo Index Advisors and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if DiNuzzo Index Advisors did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of DiNuzzo Index Advisors' clients) and other potentially abusive practices.

DiNuzzo Index Advisors has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of DiNuzzo Index Advisors' "Access Persons". DiNuzzo Index Advisors' securities transaction policy requires that an Access Person of DiNuzzo Index Advisors must provide the Chief Compliance Officer or his designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter.

Within 30 days of each calendar quarter-end, Access Persons must provide the Chief Compliance Officer or his designee with a written report of any reportable personal securities transaction that occurred during the prior quarter. All Access Persons must receive pre-approval from the Chief Compliance Officer in advance of initiating a transaction in a private placement, limited offering (such as a hedge fund), or initial public offering ("IPO").

- D. DiNuzzo Index Advisors and/or Access Persons of DiNuzzo Index Advisors *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where DiNuzzo Index Advisors and/or its Access Persons

are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, DiNuzzo Index Advisors has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each DiNuzzo Index Advisors' Access Person. In no circumstance may DiNuzzo Index Advisors place its interests or the interests of its Access Persons ahead of the interests of clients. The DiNuzzo Index Advisors' policies and procedures govern the timing of Access Person trades to ensure that Access Persons are not trading ahead of clients.

- E. Current or prospective clients may obtain a copy of the Registrant's Code of Ethics by contacting us at (724) 728-6564.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that DiNuzzo Index Advisors recommend a custodian for execution and/or custodial services (exclusive of those clients that may direct DiNuzzo Index Advisors to use a specific broker-dealer/custodian), DiNuzzo Index Advisors generally recommends that investment management accounts be maintained at *Schwab, TD Ameritrade, Fidelity and/or Jefferson National*. Prior to engaging DiNuzzo Index Advisors to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with DiNuzzo Index Advisors setting forth the terms and conditions under which DiNuzzo Index Advisors shall manage the client's assets, and a separate custodial/clearing agreement with each designated custodian.

Factors that DiNuzzo Index Advisors considers in recommending *Schwab, TD Ameritrade, Fidelity and/or Jefferson National* (or any other custodian to clients) include historical relationship with DiNuzzo Index Advisors, financial strength, reputation, execution capabilities, pricing, research, and service. The custodians generally pay for SIPC insurance and other insurances they carry. Although the commissions and/or transaction fees paid by DiNuzzo Index Advisors' clients shall comply with DiNuzzo Index Advisors' duty to obtain best execution, a client may pay a commission that is higher than another qualified custodian might charge to effect the same transaction where DiNuzzo Index Advisors determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a custodian's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although DiNuzzo Index Advisors will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated custodian are exclusive of, and in addition to, DiNuzzo Index Advisors' investment management fee. DiNuzzo Index Advisors' best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

- 1. TD Ameritrade Institutional Customer Program  
DiNuzzo Index Advisors participates in the institutional advisor program (the "*Program*") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an

unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. DiNuzzo Index Advisors receives some benefits from *TD Ameritrade* through its participation in the *Program*.

There is no direct link between DiNuzzo Index Advisors' participation in the *Program* and the investment advice it gives to its clients, although DiNuzzo Index Advisors receives economic benefits through its participation in the *Program* that are not typically available to *TD Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); 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 transaction fees and to certain institutional money managers; and discounts on compliance, marketing research, technology, and practice management products or services provided to DiNuzzo Index Advisors by third party vendors. *TD Ameritrade* may also have paid for business consulting and professional services received by DiNuzzo Index Advisors. Some of the products and services made available by *TD Ameritrade* through the *Program* may benefit DiNuzzo Index Advisors but may not benefit its client accounts. These products or services may assist DiNuzzo Index Advisors in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help DiNuzzo Index Advisors manage and further develop its business enterprise. *TD Ameritrade* may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for DiNuzzo Index Advisors' representatives to attend conferences or meetings relating to the *Program* or to *TD Ameritrade's* advisor custody and brokerage services generally. The benefits received by DiNuzzo Index Advisors or its representatives through participation in the *Program* do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by DiNuzzo Index Advisors or its representatives in and of itself creates a potential conflict of interest and may indirectly influence DiNuzzo Index Advisors' recommendation of *TD Ameritrade* for custody and brokerage services.

**DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

#### TD Ameritrade AdvisorDirect

DiNuzzo Index Advisors may receive client referrals from *TD Ameritrade* through its participation in *TD Ameritrade* AdvisorDirect ("*AdvisorDirect*"). In addition to meeting the minimum eligibility criteria for participation in *AdvisorDirect*, DiNuzzo Index Advisors may have 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 DiNuzzo Index Advisors 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 DiNuzzo Index Advisors and has no responsibility for DiNuzzo Index Advisors' management of client portfolios or DiNuzzo Index Advisors' other advice or services. DiNuzzo Index Advisors pays *TD Ameritrade* an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to DiNuzzo Index Advisors ("Solicitation Fee"). DiNuzzo Index Advisors will also pay *TD Ameritrade* the Solicitation Fee on any advisory fees received by DiNuzzo Index Advisors 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 DiNuzzo Index Advisors on the recommendation of such referred client. DiNuzzo Index Advisors 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 and Acknowledgement Form. Please Note: *TD Ameritrade* requires that clients recommended through *AdvisorDirect* have a minimum of \$500,000 in assets.

DiNuzzo Index Advisors' participation in *AdvisorDirect* raises potential conflicts of interest. *TD Ameritrade* will most likely refer clients through *AdvisorDirect* to investment advisors 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*, DiNuzzo Index Advisors may have an incentive to recommend to clients that the assets under management by DiNuzzo Index Advisors be held in custody with *TD Ameritrade* and to place transactions for client accounts with *TD Ameritrade*. In addition, DiNuzzo Index Advisors has agreed not to solicit clients referred to it through *AdvisorDirect* to transfer their accounts from *TD Ameritrade* or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. If a referred client's assets are moved to another custodian, DiNuzzo Index Advisors must pay *TD Ameritrade* a one-time fee ranging up to .75% of assets under management. DiNuzzo Index Advisors' participation in *AdvisorDirect* does not diminish its duty to seek best execution of trades for client accounts.

**DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

Charles Schwab & Co., Inc.

DiNuzzo Index Advisors may recommend that clients establish brokerage accounts with the *Schwab* Institutional division of *Schwab*, to maintain custody of clients' assets and to effect trades for their accounts. DiNuzzo Index Advisors is independently owned and operated and not affiliated with *Schwab*. *Schwab* provides DiNuzzo Index Advisors with access to its institutional trading and custody services, which are not typically available to *Schwab* retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are

maintained in accounts at *Schwab* Institutional, and are not otherwise contingent upon an advisor committing to *Schwab* any specific amount of business (assets in custody or trading). *Schwab*'s services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For DiNuzzo Index Advisors client accounts maintained in its custody, *Schwab* generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through *Schwab* or that settle into *Schwab* accounts.

*Schwab* also makes available to DiNuzzo Index Advisors other products and services that benefit DiNuzzo Index Advisors but may not benefit its clients' accounts. Some of these other products and services assist DiNuzzo Index Advisors in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts.), provide research, pricing information, and other market data, facilitate payment of DiNuzzo Index Advisors' fees from its clients' accounts, and assist with back-office functions, recordkeeping and other client reporting. Many of these services generally may be used to service all or a substantial number of DiNuzzo Index Advisors' accounts, including accounts not maintained at *Schwab* Institutional. *Schwab* Institutional also makes available to DiNuzzo Index Advisors other services intended to help DiNuzzo Index Advisors manage and further develop its business enterprise. These services may include consulting, publications, and conference on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, *Schwab* may make available, arrange and/or pay for these types of services rendered to DiNuzzo Index Advisors by independent third parties. *Schwab* Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to DiNuzzo Index Advisors. While as a fiduciary, DiNuzzo Index Advisors endeavors to act in its clients' best interests, DiNuzzo Index Advisors' recommendation that clients maintain their assets in accounts at *Schwab* may be based in part on the benefit to DiNuzzo Index Advisors of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by *Schwab*, which may create a potential conflict of interest.

DiNuzzo Index Advisors no longer receives new client referrals from *Schwab*, but continues to manage client accounts that were referred by *Schwab*. *Schwab* does not supervise DiNuzzo Index Advisors and has no responsibility for DiNuzzo Index Advisors' management of client portfolios or DiNuzzo Index Advisors' other advice or services. DiNuzzo Index Advisors pays *Schwab* an on-going fee for each previous client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to DiNuzzo Index Advisors ("Solicitation Fee"). DiNuzzo Index Advisors will not charge clients referred by *Schwab* any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to *Schwab* to its clients.



DiNuzzo Index Advisors' receipt of client referrals raises potential conflicts of interest. *Schwab* will most likely refer clients to investment advisors that encourage their clients to custody their assets at *Schwab* and whose client accounts are profitable to *Schwab*. Consequently, in order to obtain client referrals from *Schwab*, DiNuzzo Index Advisors may have an incentive to recommend to clients that the assets under management by DiNuzzo Index Advisors be held in custody with *Schwab* and to place transactions for client accounts with *Schwab*. In addition, DiNuzzo Index Advisors has agreed not to solicit clients referred to it by *Schwab* to transfer their accounts from *Schwab* or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. If a referred client's assets are moved to another custodian, DiNuzzo Index Advisors must pay *Schwab* a one-time fee ranging up to .75% of assets under management. DiNuzzo Index Advisors' past receipt of client referrals from *Schwab* does not diminish its duty to seek best execution of trades for referred client accounts.

**DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

#### Fidelity

DiNuzzo Index Advisors has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "*Fidelity*") through which *Fidelity* provides DiNuzzo Index Advisors with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. *Fidelity's* institutional platform services that assist DiNuzzo Index Advisors in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

*Fidelity* also offers other services intended to help DiNuzzo Index Advisors manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom DiNuzzo Index Advisors may contract directly.

DiNuzzo Index Advisors is independently operated and owned and is not affiliated with *Fidelity*.

*Fidelity* generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through *Fidelity* or that settle into *Fidelity* accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities

transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

**DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

#### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, DiNuzzo Index Advisors may receive from *Schwab, TD Ameritrade, Fidelity and/or Jefferson National* (or another custodian) without cost (and/or at a discount) support services and/or products, certain of which assist DiNuzzo Index Advisors to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by DiNuzzo Index Advisors may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by DiNuzzo Index Advisors in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist DiNuzzo Index Advisors in managing and administering client accounts. Others do not directly provide such assistance, but rather assist DiNuzzo Index Advisors to manage and further develop its business enterprise.

DiNuzzo Index Advisors' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, TD Ameritrade, Fidelity and/or Jefferson National* as a result of this arrangement. There is no corresponding commitment made by DiNuzzo Index Advisors to *Schwab, TD Ameritrade Fidelity and/or Jefferson National* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. As set forth above, DiNuzzo Index Advisors may receive client referrals from *TD Ameritrade*.

**DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

3. DiNuzzo Index Advisors does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and DiNuzzo Index Advisors will not seek better execution services or prices from other broker-dealers or be able to “batch” the client's transactions for execution through other broker-dealers with orders for other accounts managed by DiNuzzo Index Advisors. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs DiNuzzo Index Advisors to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through DiNuzzo Index Advisors.

**DiNuzzo Index Advisors’ Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that DiNuzzo Index Advisors provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless DiNuzzo Index Advisors decides to purchase or sell the same securities for several clients at approximately the same time. DiNuzzo Index Advisors may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among DiNuzzo Index Advisors’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. DiNuzzo Index Advisors shall not receive any additional compensation or remuneration as a result of such aggregation.
- C. As a matter of policy, DiNuzzo Index Advisors does not conduct agency cross transactions. An ‘agency cross transaction’ occurs when the investment adviser acts as broker for the advisory client and the other party to the trade. DiNuzzo Index Advisors does not cross trades between client accounts. Agency cross transactions may also arise if an adviser is or affiliates with a broker-dealer. DiNuzzo Index Advisors is not a broker-dealer and is not affiliated with a broker-dealer.

### Item 13      Review of Accounts

- A. For those clients to whom DiNuzzo Index Advisors provides investment supervisory services, account reviews are conducted on an ongoing basis by DiNuzzo Index Advisors' Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise DiNuzzo Index Advisors of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with DiNuzzo Index Advisors on an annual basis.
- B. DiNuzzo Index Advisors *may* conduct account reviews upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written or electronic transaction confirmation notices and regular written summary account statements directly from the custodian and/or program sponsor for the client accounts. DiNuzzo Index Advisors may also provide a written periodic report summarizing account activity and performance. Clients are urged to carefully review and compare any report they may receive from DiNuzzo Index Advisors to statements received from their qualified custodian and/or program sponsor. DiNuzzo Index Advisors reports may vary from custodial statements based on differences between accounting procedures, reporting dates, or valuation methods for certain securities.

### Item 14      Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, DiNuzzo Index Advisors may receive an indirect economic benefit from *Schwab, TD Ameritrade, Fidelity and/or Jefferson National*. DiNuzzo Index Advisors, without cost (and/or at a discount), may receive support services and/or products from *Schwab, TD Ameritrade, Fidelity and/or Jefferson National*.

DiNuzzo Index Advisors' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, TD Ameritrade, Fidelity and/or Jefferson National* as a result of this arrangement. There is no corresponding commitment made by DiNuzzo Index Advisors to *Schwab, TD Ameritrade, Fidelity and/or Jefferson National* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. DiNuzzo Index Advisors currently uses the services of at least one unaffiliated solicitor. This arrangement(s) is governed by a legal agreement between parties to ensure compliance with applicable federal and state statutes. If a client is introduced to DiNuzzo Index Advisors by either an unaffiliated or an affiliated solicitor, DiNuzzo Index

Advisors *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from DiNuzzo Index Advisors' investment management fee, and shall not result in any additional charge to the client. If the client is introduced to DiNuzzo Index Advisors by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of DiNuzzo Index Advisors' written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between DiNuzzo Index Advisors and the solicitor, including the compensation to be received by the solicitor from DiNuzzo Index Advisors.

## **Item 15      Custody**

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities, or has the ability to gain possession of them. DiNuzzo Index Advisors does not have direct custody over client funds or securities but shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written or electronic transaction confirmation notices and regular written summary account statements directly from the custodian and/or program sponsor for the client accounts. DiNuzzo Index Advisors may also provide a written periodic report summarizing account activity and performance.

DiNuzzo Index Advisors has adopted policies and procedures to safeguard client assets, including assets maintained in client accounts where DiNuzzo Index Advisors has the authority to deduct advisory fees. Clients are responsible to select qualified custodians to hold funds and securities within investment accounts managed on their behalf. With regard to direct fee deduction arrangements, DiNuzzo Index Advisors performs a periodic due inquiry to ascertain that the qualified custodian sends an account statement, at least quarterly, to each client for which the qualified custodian maintains funds or securities.

**Please Note:** To the extent that DiNuzzo Index Advisors provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by DiNuzzo Index Advisors with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of DiNuzzo Index Advisors' advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage DiNuzzo Index Advisors to provide investment advisory services on a discretionary basis. Prior to DiNuzzo Index Advisors assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming DiNuzzo Index Advisors as the client's attorney and agent in fact, granting DiNuzzo Index Advisors full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage DiNuzzo Index Advisors on a discretionary basis may, at anytime, impose restrictions, **in writing**, on DiNuzzo Index Advisors' discretionary authority (i.e.,

limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe DiNuzzo Index Advisors' use of margin, etc.).

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

- A. DiNuzzo Index Advisors does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact DiNuzzo Index Advisors to discuss any questions they may have about a particular proxy solicitation.

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

- A. DiNuzzo Index Advisors does not solicit fees of more than \$1,200 per client, six months or more in advance.
- B. DiNuzzo Index Advisors is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. DiNuzzo Index Advisors has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: DiNuzzo Index Advisors' Chief Compliance Officer, Patrick J. DiNuzzo, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**