

# Disclosure Brochure

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This brochure provides information about the qualifications and business practices of Conrad Siegel Investment Advisors, Inc. (hereinafter "Conrad Siegel" or the "firm"), a wholly owned subsidiary of Conrad M. Siegel, Inc. d/b/a Conrad Siegel Actuaries. If you have any questions about the contents of this brochure, please contact Tara Mashack-Behney at (717) 652-5633. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Conrad Siegel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Conrad Siegel Investment Advisors, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Conrad Siegel is required to discuss any material changes which have been made to the brochure since the last annual amendment filed July 24, 2014.

### **Change of Hourly Rate**

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The firm as of the date of this filing, has updated its range of their hourly rate from \$125 to \$310, to \$75 to \$315. Conrad Siegel does not anticipate that this will result in any change of services.

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## Item 4. Advisory Business

Conrad Siegel, a wholly-owned subsidiary of Conrad M. Siegel, Inc. d/b/a Conrad Siegel Actuaries, was founded in July 2002 and currently provides financial planning, consulting, and investment management services. The firm is principally owned by Conrad M. Siegel, Inc. As of June 30, 2014, the firm had approximately \$2,828,299,464 in assets under management, of which \$788,439,245 was managed on a discretionary basis and \$2,029,860,219 was managed on a non-discretionary basis.

Prior to engaging Conrad Siegel to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Conrad Siegel setting forth the terms and conditions under which Conrad Siegel renders its services (collectively the "Agreement").

This Disclosure Brochure describes the business of Conrad Siegel. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Conrad Siegel's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Conrad Siegel's behalf and is subject to Conrad Siegel's supervision or control.

### Financial Planning and Consulting Services

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Conrad Siegel may provide its clients with a broad range of comprehensive financial planning and consulting services. These services are customized for the individual client, but generally include retirement planning, investment planning, risk management, education planning (i.e. college savings), and estate planning.

In performing its services, Conrad Siegel is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Conrad Siegel may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Conrad Siegel recommends its own services. The client is under no obligation to act upon any of the recommendations made by Conrad Siegel under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Conrad Siegel itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Conrad Siegel's recommendations. Clients are advised that it remains their responsibility to promptly notify Conrad Siegel if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Conrad Siegel's previous recommendations and/or services.

### Educational Services

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Conrad Siegel may provide personalized and/or non-personalized investment-related educational training to certain clients. These services generally address issues involving employee participation in employer-sponsored retirement plans.

Conrad Siegel holds employee educational meetings for many of its 401(k) clients and may provide participants with personalized advice. The Firm does not contract with participants or charge a fee to participants but may include these educational services as part of the overall services it provides to its 401(k) clients.

## **Investment Management Services**

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Clients can engage Conrad Siegel to manage all or a portion of their assets on a discretionary or non-discretionary basis. As further discussed in Item 8 (below), Conrad Siegel primarily allocates clients' investment management assets among mutual funds in accordance with the investment objectives of the client. Conrad Siegel also provides advice about any type of investment held in clients' portfolios with the exception, in certain circumstances, of company stock.

Conrad Siegel also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Conrad Siegel either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Conrad Siegel tailors its advisory services to the individual needs of clients. Conrad Siegel consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Conrad Siegel ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Conrad Siegel if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Conrad Siegel's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Conrad Siegel's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## Item 5. Fees and Compensation

Conrad Siegel offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

### **Financial Planning, Consulting, and Education Fees**

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Conrad Siegel may charge a fixed fee and/or hourly fee for financial planning, consulting, and educational services. These fees are negotiable, but generally range from \$3,000 to \$100,000 on a fixed fee basis and/or from \$75 to \$315 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the services.

For its educational services where the retirement plan is an advisory client of Conrad Siegel, the firm may not charge an additional fee for the first eight (8) hours of educational services and meeting time provided to the retirement plan's participants. Thereafter, Conrad Siegel may bill the plan sponsor for any additional time at the same hourly rate as its financial planning and consulting services.

Prior to engaging Conrad Siegel to provide any of the above services, the client is required to enter into a written agreement with Conrad Siegel setting forth the terms and conditions of the engagement. Conrad Siegel may require one-half of the fee (estimated hourly or fixed) payable upon entering the written agreement. The balance would then be due upon delivery of the financial plan or completion of the agreed upon services.

### **Investment Management Fees**

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Conrad Siegel provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Conrad Siegel. Conrad Siegel's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Conrad Siegel does not, however, receive any portion of these commissions, fees, and costs.

Conrad Siegel's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by Conrad Siegel on the last day of the previous quarter. For certain clients, Conrad Siegel's annual fee is prorated and paid either annually or semi-annually in arrears, based upon the market value of the assets on the last day of the year or the semi-annual period, as applicable.

The annual fee varies depending upon the market value of the assets under management and the type of investment management services to be rendered, as follows:

Individual Clients:

<b>PORTFOLIO VALUE</b>	<b>ANNUAL FEE</b>
First \$1,000,000 .....	0.90%
Next \$1,000,000 .....	0.70%
Next \$1,000,000 .....	0.50%
Remaining assets above \$3,000,000 .....	0.25%

Defined Benefit Clients:

<b>PORTFOLIO VALUE</b>	<b>ANNUAL FEE</b>
First \$1,000,000 .....	0.60%
Next \$2,000,000 .....	0.25%
Next \$2,000,000 .....	0.20%
Remaining assets above \$5,000,000 .....	0.15%

Defined Contribution Clients:

<b>PORTFOLIO VALUE</b>	<b>ANNUAL FEE</b>
First \$1,000,000 .....	0.90%
Next \$2,000,000 .....	0.25%
Next \$2,000,000 .....	0.20%
Remaining assets above \$5,000,000 .....	0.10%

In addition, Conrad Siegel may charge an additional fee of up to \$3,000 to provide investment management services and/or advice regarding securities that are not on the firm's recommend list of investments. The firm may also charge an additional hourly fee should the client request additional services, such as (but not limited to) specialized investment research, preparation of participant retirement kits, and additional meetings or portfolio reviews with the client. The fees for these services are set forth in the *Agreement* with the client.

Conrad Siegel, in its sole discretion, may negotiate to charge a lesser management fee 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, pre-existing client, account retention, *pro bono* activities, etc.).

Where Conrad Siegel Actuaries ("CSA"), an affiliated pension consulting firm in Harrisburg, Pennsylvania, provides actuarial services to defined benefit plans, the Firm will assess a flat fee with annual increases in CPI rather than an asset based fee. This serves to mitigate a potential conflict of interest where Conrad Siegel benefits from increased plan contributions which increases the underlying assets and therefore the asset-based fee received by Conrad Siegel.

## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), Conrad Siegel generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") and/or TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("*TD Ameritrade*") for investment management accounts. Conrad Siegel participates in the institutional customer 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. Conrad Siegel receives some benefits from *TD Ameritrade* through its participation in the program.

Conrad Siegel may only implement its investment management recommendations after the client has arranged for and furnished Conrad Siegel with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, *TD Ameritrade*, any other broker-dealer recommended by Conrad Siegel, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Conrad Siegel's fee.

## **Fee Debit**

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Conrad Siegel's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Conrad Siegel to debit the client's account for the amount of Conrad Siegel's fee and to directly remit that management fee to Conrad Siegel. Any *Financial Institutions* recommended by Conrad Siegel have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Conrad Siegel. Alternatively, clients may elect to have Conrad Siegel send an invoice for payment.

## **Fees for Management During Partial Periods of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the period.



The *Agreement* between Conrad Siegel and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Conrad Siegel's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Conrad Siegel's right to terminate an account. Additions may be in cash or securities provided that Conrad Siegel reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Conrad Siegel, subject to the usual and customary securities settlement procedures. However, Conrad Siegel designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Conrad Siegel may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

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

Conrad Siegel does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

Conrad Siegel provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, business entities, and state or municipal government entities.

### Minimum Fee

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As a condition for starting and maintaining a relationship, Conrad Siegel generally imposes a minimum annual fee based on the type of client, as follows: \$5,000 for individual clients, \$6,000 for defined benefit plans, and \$9,000 for defined contribution plans. This minimum fee may have the effect of making Conrad Siegel's service impractical for certain clients, particularly those individuals with portfolios less than \$500,000, defined benefits plans with portfolios less than \$600,000 and defined contribution plans with portfolios less than \$900,000.

Conrad Siegel, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. The firm only accepts clients with less than the minimum portfolio size if, in the firm's sole opinion, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Conrad Siegel may aggregate the portfolios of clients and their affiliates to meet the minimum annual fee.

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

### Methods of Analysis and Investment Strategies

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Conrad Siegel employs a core approach of market weighted or fundamentally weighted mutual funds or ETFs as investment vehicles in an attempt to deliver broad diversification and minimize specific issue risk. In addition, for investors desiring added risk, the firm may incorporate more actively managed mutual funds.

The firm utilizes both quantitative and qualitative methods of analysis. The firm begins by researching the Morningstar database of over 25,000 mutual funds and ETFs. Employing an extensive proprietary screening analysis, Conrad Siegel customizes its search parameters to the client's individual investment criteria and risk/return profile. The firm analyzes select funds based on fundamental factors such as degree of value, size, liquidity, diversification, specific investment concentration, risk to unit return. The firm then employs some quantitative analysis with regards to management, length of tenure, and consistency to determine its final selections for its recommend funds list. The primary risk in using this type of analysis is that spotting historical trends and analyzing historical factors may not help to predict such trends in the future.

Conrad Siegel also utilizes a portfolio optimizer to determine the "optimal" weighting for its investment portfolios. While the firm always recommends beginning with a core portfolio of passive funds, it offers active funds for the client to explore.

Conrad Siegel believes in a low cost, passive, value oriented style of investment management based on the belief that that asset allocation is the most important decision an investor will make. The firm believes that financial forecasting is not useful and can be counterproductive, and as such prefers low turnover portfolios to market timing. The firm believes that free and open markets are generally efficient. Conrad Siegel also believes that human nature, fear, and greed can cause market valuations, at times, to be different than their true or intrinsic values. While returns for any one-year are random, over market cycles and the long-term, value investing outperforms growth and blend. Conrad Siegel advocates broad diversification which often includes a mix of money market, fixed income, domestic equity (including large, mid, and small asset classes), foreign equity (including emerging markets), and real estate. The firm utilizes mutual funds with low turnover over individual securities to achieve this diversification. For investors desiring added risk, the firm may incorporate more actively managed mutual funds.

For the firm's clients with participant directed investments, Conrad Siegel's intent is to keep the mutual fund "menu" concise as to not confuse the average participant. In most cases, Conrad Siegel offers a menu of underlying investment options so that a do-it-yourself investor can create a properly diversified investment portfolio. However, the firm recognizes that many participants are the do-it-for me type. Therefore, the firm believes in providing those participants a straightforward investment option which can come in the form of a risk-based lifestyle fund, a target retirement date fund, or proprietary investment portfolios. Conrad

Siegel's investment portfolios are pre-packaged mixes of the same mutual funds offered to the do-it-yourself participant. The firm then rebalances these portfolios at pre-determined times.

For clients where Conrad Siegel is selecting the level of diversification within their portfolio and when developing investment portfolios for our 401k participants, the firm uses computer modeling to arrive at what it believes believe to be appropriate risk return levels. Conrad Siegel invests with the long-term in mind and makes recommendations for change when the firm believes it can either increase the long-term return or lower volatility in a portfolio. The firm does not make short term shifts in a portfolio.

## Risks of Loss

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### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### *Mutual Funds*

An investment in a mutual fund involves risk, including the loss of principal. Mutual fund shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

### *Management Through Similarly Managed Accounts*

For certain clients, Conrad Siegel may manage portfolios by allocating portfolio assets among various mutual funds on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, Conrad Siegel buys, sells, exchanges and/or transfers shares of mutual funds based upon the *investment strategy*.

Conrad Siegel's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Conrad Siegel's

clients may be limited. As further discussed in response to Item 12B (below), Conrad Siegel allocates investment opportunities among its clients on a fair and equitable basis.

### **Item 9. Disciplinary Information**

Conrad Siegel is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Conrad Siegel does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

Conrad Siegel is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Conrad Siegel has described such relationships and arrangements below.

### **Related Pension Consultants**

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Conrad Siegel does not render pension consulting services to its clients. However, certain of the firm's *Supervised Persons* also serve a similar capacity for CSA, a pension consulting firm located in Harrisburg, Pennsylvania. From time to time, Conrad Siegel may recommend certain of its clients to CSA for various pension consulting services. CSA renders these services independently of Conrad Siegel. Conrad Siegel does not receive any portion of the fees charged (referral or otherwise) by CSA for the services rendered. The place of business of CSA is the same as that of Conrad Siegel.

It is also expected that these Principals of Conrad Siegel who are also Principals of CSA, solely incidental to their respective practices as pension consultants with CSA, will recommend Conrad Siegel's services to certain of CSA's clients. Although CSA does not receive referral fees from Conrad Siegel, these individual members of Conrad Siegel may be entitled to receive distributions relative to their respective ownership interests in Conrad Siegel. CSA is not involved in providing investment advice on behalf of the Conrad Siegel.

There may be a conflict of interest where CSA acts as an independent third party recordkeeper and as such may be eligible to receive a Plan Expense Payment from Charles Schwab & Co., Inc. or Charles Schwab Bank (collectively, "*Charles Schwab*"). Any plan expense payment is credited to the client as disclosed in more detail in Item 12.



## Item 11. Code of Ethics

Conrad Siegel has adopted a code of ethics in compliance with applicable securities laws (“*Code of Ethics*”) that sets forth the standards of conduct expected of its *Supervised Persons*. Conrad Siegel’s *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Conrad Siegel’s personnel (called “*Access Persons*”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Conrad Siegel *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm’s policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Conrad Siegel to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, Conrad Siegel generally recommends that clients utilize the brokerage and clearing services of *Schwab* and/or *TD Ameritrade*.

Factors which Conrad Siegel considers in recommending *Schwab*, *TD Ameritrade*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* and *TD Ameritrade* enable Conrad Siegel to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* and/or *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Conrad Siegel's clients comply with Conrad Siegel's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Conrad Siegel determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Conrad Siegel seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Conrad Siegel periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Conrad Siegel in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Conrad Siegel will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Conrad Siegel (as described below). 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. Subject to its duty of best execution, Conrad Siegel may decline a client's request to direct brokerage if, in Conrad Siegel's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Conrad Siegel decides to purchase or sell the same securities for several clients at approximately the same time. Conrad Siegel may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Conrad Siegel's 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 generally be averaged as to price and allocated among Conrad Siegel's clients pro rata to the purchase and sale orders placed for each client on any given

day. To the extent that Conrad Siegel determines to aggregate client orders for the purchase or sale of securities, including securities in which Conrad Siegel's *Supervised Persons* may invest, Conrad Siegel generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Conrad Siegel does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Conrad Siegel determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Conrad Siegel may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Conrad Siegel in its investment decision-making process. Such research generally will be used to service all of Conrad Siegel's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Conrad Siegel does not have to produce or pay for the products or services.

#### **Software and Support Provided by Financial Institutions**

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Conrad Siegel may receive from *Schwab* and/or *TD Ameritrade*, without cost to Conrad Siegel, computer software and related systems support, which allow Conrad Siegel to better monitor client accounts maintained at the respective firm. Conrad Siegel may receive the software and related support without cost because Conrad Siegel renders investment management services to clients that maintain assets at *Schwab* and *TD Ameritrade*. The software and related systems support may benefit Conrad Siegel, but not its clients directly. In fulfilling its duties to its clients, Conrad Siegel endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Conrad Siegel's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Conrad Siegel's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

## **Schwab Institutional**

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Conrad Siegel may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

For clients that enter into either a Brokerage Account Agreement with Charles Schwab & Co. or an agreement for custodial or trustee services with Charles Schwab Bank (collectively, "Charles Schwab") and CSA, as an independent third party recordkeeper to Charles Schwab, will be eligible to receive a Plan Expense Payment through Charles Schwab for its administrative and/or recordkeeping services if the Plan's account with Charles Schwab satisfies the criteria established under the RP Program Administrator Agreement in effect between CSA and Charles Schwab. Our preferred method of handling is for any Plan Expense Payment to be credited directly by Charles Schwab to the Plan as soon as administratively feasible and to be allocated as investment return as of the Plan allocation date on or immediately following the date of credit. Neither we nor CSA will receive these funds. However, there are some existing clients that have not yet elected to have the Plan Expense Payment returned to the Plan. In that scenario, if the client is a defined contribution plan client, to the extent there is any Plan Expense Payment, we shall deduct such Plan Expense Payment from the compensation owed to CSA for recordkeeping services or Schwab will maintain to offset their custodial fee and if the client is a defined benefit plan client, we shall deduct such Plan Expense Payment from the compensation owed to Conrad Siegel for investment advisory services or Schwab will maintain to offset their custodial fee.

## **TD Ameritrade**

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There is no direct link between Conrad Siegel's participation in the program and the investment advice it gives to its clients, although Conrad Siegel receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, Conrad Siegel may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist Conrad Siegel in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help Conrad Siegel manage and further develop its business enterprise. The benefits received by Conrad Siegel's 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

Conrad Siegel or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Conrad Siegel's recommendation of *TD Ameritrade* for custody and brokerage services.

### **Dimensional Fund Advisors**

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Conrad Siegel has several Dimensional Fund Advisors ("DFA") funds on its approved list of investments. Conrad Siegel receives without cost from DFA a system called DFA Returns Program which allows the Firm to run simulations that it uses in determining asset mixes for its clients. The DFA Returns Program is a service that benefits all clients.

## Item 13. Review of Accounts

### Account Reviews

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For those clients to whom Conrad Siegel provides investment management services, Conrad Siegel monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Conrad Siegel provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of Conrad Siegel’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Conrad Siegel and to keep Conrad Siegel informed of any changes thereto. Conrad Siegel contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### Account Statements and Reports

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Conrad Siegel provides investment advisory services will also receive a report from Conrad Siegel that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance not less than annually. Clients should compare the account statements they receive from their custodian with those they receive from Conrad Siegel.

Those clients to whom Conrad Siegel provides financial planning and/or consulting services will receive reports from Conrad Siegel summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Conrad Siegel.

## Item 14. Client Referrals and Other Compensation

Conrad Siegel is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Conrad Siegel may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

In addition, Conrad Siegel is required to disclose any direct or indirect compensation that it provides for client referrals. CSA has entered into an agreement with *Schwab*, an independent and unaffiliated broker-dealer, to participate in Schwab Advisor Network™ (“SAN”), an advisor referral service designed to help investors find an independent professional investment manager in their area. CSA has agreed to pay *Schwab* a fee for participating in SAN. This fee covers all client referrals made to Conrad Siegel by *Schwab* and may be increased, decreased or waived by *Schwab* from time to time. Conrad Siegel will not charge clients introduced through SAN fees or costs greater than the fees or costs Conrad Siegel charges its advisory clients who were not introduced through SAN and who have similar assets under management with Conrad Siegel and receive similar services. Through CSA, Conrad Siegel's participation in SAN may raise potential conflicts of interest. CSA's referral fee to *Schwab* is lower if Conrad Siegel accounts thereafter remain in the custody of *Schwab* rather than another broker-dealer. Any recommendation to use *Schwab* as the broker-dealer will be consistent with Conrad Siegel's duty of best execution as further discussed above.

### Item 15. Custody

Conrad Siegel's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Conrad Siegel through such *Financial Institution* to debit the client's account for the amount of Conrad Siegel's fee and to directly remit that management fee to Conrad Siegel in accordance with applicable custody rules.

The *Financial Institutions* recommended by Conrad Siegel have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Conrad Siegel. In addition, as discussed in Item 13, Conrad Siegel also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Conrad Siegel.



### **Item 16. Investment Discretion**

Conrad Siegel may be given the authority to exercise discretion on behalf of clients. Conrad Siegel is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Conrad Siegel is given this authority through a power-of-attorney included in the agreement between Conrad Siegel and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Conrad Siegel takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

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

Conrad Siegel is required to disclose if it accepts authority to vote client securities. Conrad Siegel does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the firm at the telephone number on the cover of this brochure with questions about such solicitations.

## Item 18. Financial Information

Conrad Siegel is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.



# Conrad Siegel

INVESTMENT ADVISORS

*A Conrad Siegel Actuaries Company*

Prepared by:



**MARKETCOUNSEL®**  
*The Adviser's Advisor®*