



Disclosure Brochure  
Form ADV Part 2A  
November 30, 2017

520 White Plains Road  
Tarrytown, New York 10591  
Telephone: (914) 846-0100  
[www.Clarfeld.com](http://www.Clarfeld.com)

**This brochure provides information about the qualifications and business practices of Clarfeld a/k/a Clarfeld Financial Advisors LLC (the “Registrant”). If you have any questions about the contents of this brochure, please contact Joy Soodik, Chief Compliance Officer, at (914) 846-0100 or [joy@clarfeld.com](mailto:joy@clarfeld.com). 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 Clarfeld Financial Advisors LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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

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## Item 3 Material Changes

There have been no material changes to this Firm Brochure since The Registrant's most recent annual amendment filing on March 10, 2017.

## Item 4 Advisory Business

- A. Clarfeld Financial Advisors LLC (the "Registrant") is a firm specializing in wealth management services which has been in business since 1981. The firm became registered as an Investment Adviser Firm in February 1992. The Registrant is principally owned by Robert A. Clarfeld. The Registrant features strong, dedicated leadership through its Executive Management Committee, which is comprised of eight experienced officers and directors with an average tenure of 18 years. With a staff of over 80, including 15 Managing Directors, the Registrant offers high net worth individuals and their families, access to a team of skilled professionals.

In August 2013, AMG Wealth Partners, LP ("AMG Wealth Partners"), a subsidiary of Affiliated Managers Group, Inc. ("AMG"), obtained a minority equity interest in the Registrant. AMG is a publicly-traded asset management company (NYSE: AMG) with equity interests in boutique investment management firms ("AMG Affiliates"). Further information on AMG Wealth Partners, AMG and AMG Affiliates is provided in Item 10.

- B. The Registrant offers to its clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services. The investment advisory platform is predicated on establishing an appropriate long-term asset allocation given each client's unique lifestyle goals and cash flow needs.

The Registrant's platform is open-architecture, meaning that the Registrant is able to select any investment manager for its platform, so long as the selection of a particular investment manager will not result in a conflict of interest. Managers are selected to populate client portfolios based upon their investment merits, including their management, philosophy, process, and track record.

The Registrant will tactically alter a client's long-term asset allocation from time to time when market and macro-economic conditions warrant a more conservative/aggressive posture relative to the baseline allocation. The Registrant largely takes a non-discretionary approach, meaning that all recommendations made for each client are discussed prior to implementation, and require the written consent of the client. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee basis.

To the extent specifically requested by a client through a separate advisory agreement, the Registrant also offers a broad range of wealth management services. The Registrant's services may include, but are not limited to, financial planning, advanced estate planning, sophisticated tax planning and tax preparation, trust administration, family office/bill paying, risk management and asset protection services.

### IMPORTANT INFORMATION ABOUT OUR SERVICES

- A. **Wealth Management Services.** To the extent requested by the client, the Registrant *may* provide wealth management services regarding non-investment related matters, such as financial planning, advanced estate planning, tax planning and preparation, family office services/bill paying, trust administration, and asset protection services. To

the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of Registrant's Principals and representatives, in their individual capacities as licensed insurance agents of Estate Preservation Services, LLC, the Registrant's affiliated insurance agency. (*See* disclosure at Item 10 C.8). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant and no portion of the Registrant's services should be construed as same. **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 engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Independent Managers.** The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Please Note-Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that we utilize independent of engaging our services as an investment advisor. However, if a prospective client determines to do so, he/she will not receive our initial and ongoing investment advisory services. **Please Also Note-Use of DFA Mutual Funds:** As indicated above, most mutual funds are available directly to the public, without need to engage an investment professional. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through registered investment advisers. We utilize DFA mutual funds. Thus, if the client was to terminate our services, restrictions regarding transferability and/or additional purchases of, or reallocation among, DFA funds will apply. **Separate Fees:** All mutual funds (and exchange traded funds) impose fees at the fund level (e.g. management fees and other fund expenses). All mutual fund fees are separate from, and in addition to, our investment advisory fee as described at Item 5 below. Our Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding the above.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client's consent.**

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market

gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

**Independent Managers.** Registrant may also allocate (or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **Please Note:** The investment management fee charged by the *Independent Manager[s]* is separate from, and in addition to, Registrant's advisory fee as set forth in the fee schedule at Item 5 below.

**Please Note: Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If we recommend that a client roll over their retirement plan assets into an account to be managed by us, such a recommendation creates a conflict of interest if we will earn an advisory fee on the rolled over assets. **No client is under any obligation to rollover retirement plan assets to an account managed by us. Our Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**ERISA / IRC Fiduciary Acknowledgment:** If a client is: (i) a retirement plan ("Plan") organized under the Employee Retirement Income Security Act of 1974 ("ERISA"); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Private Investment Funds.** The Registrant **does not** recommend private investment funds. However, from time-to-time, clients may have questions regarding a prospective investment in a private investment fund which they are considering independent of the Registrant. **Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Client Obligations.** In performing its services, Registrant 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 the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's 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 or Financial Planning Agreement*.

- B. The Registrant 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, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- C. The Registrant does not participate in a wrap fee program.
- D. As of June 30, 2017, the Registrant had \$4,430,000,000 in assets under management on a non-discretionary basis and \$1,700,000,000 in assets under management on a discretionary basis.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between 0.25% and 1.00%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$3,000,000	1.00% per annum (0.25% quarterly)
Next \$2,000,000	0.70% per annum (0.175% quarterly)
Next \$2,000,000	0.45% per annum (0.1125% quarterly)
Next \$3,000,000	0.30% per annum (0.075% quarterly)
Next \$10,000,000	0.28% per annum (0.070% quarterly)
Assets in excess of \$20,000,000	0.25% per annum (0.0625% quarterly)

### **WEALTH MANAGEMENT SERVICES**

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning, advanced estate planning, tax planning and preparation, family office services/bill paying, trust administration, insurance planning, etc) on a stand-alone fee basis. Registrant's wealth management fees are negotiable, but generally range from \$100 to \$775 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide non-investment advisory services, clients are generally required to

enter into an *Agreement* specifying the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly, in arrears, 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, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*"), TD Ameritrade ("*Ameritrade*") and/or Pershing serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab*, *Ameritrade* and/or *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's 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. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires a \$2,000,000 minimum asset level for investment advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum 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 the Registrant 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, the Registrant shall debit the account for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing quarter.

In limited circumstances, the Registrant may be engaged on a flat annual fee basis rather than per the above fee schedule. **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client may have regarding its advisory fee schedule.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## Item 7 Types of Clients

The Registrant's clients shall generally include high net worth individuals and families, senior corporate executives of publicly traded companies, owners of small closely held businesses, professionals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. The Registrant generally requires a \$2,000,000 minimum asset level for investment advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum 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.).

In limited circumstances, the Registrant may be engaged on a flat annual fee basis rather than per the above fee schedule. **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client may have regarding its advisory fee schedule.

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

A. The Registrant may utilize the following methods of security analysis:

- 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)

The Registrant 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 sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**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 the Registrant) will be profitable or equal any specific performance level(s).



- B. The Registrant's 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 the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's 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.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - 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. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (*See* discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third-party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third-party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

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 the Registrant 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 the Registrant 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 the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, the Registrant primarily allocates client investment assets among various mutual funds, ETFs and *Independent Manager[s]*), on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). (*See Independent Manager[s]* below). Although the Registrant may offer its services on a discretionary basis, the Registrant largely takes a non-discretionary approach, meaning that all recommendations made for each client are discussed prior to implementation and require the written consent of the client.

The Registrant utilizes an investment advisory platform that is predicated on establishing an appropriate long-term asset allocation given each client's unique lifestyle goals and cash flow needs. The Registrant's platform is open-architecture, meaning that the Registrant is able to select any investment manager for its platform, so long as the selection of a particular investment manager will not result in a conflict of interest. Managers are selected to populate client portfolios based upon their investment merits, including their management, philosophy, process, and track record. The Registrant will tactically alter the long-term asset allocation from time to time when market and macro-economic conditions warrant a more conservative/aggressive posture relative to the baseline allocation.

**Independent Managers.** Registrant may also allocate (or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **Please Note:** The investment management fee charged by the *Independent Manager[s]* is separate from, and in addition to, Registrant's advisory fee as set forth in the fee schedule at Item 5.

## **Item 9      Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

## Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, 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. **Licensed Insurance Agency/Agents.** Certain of Registrant's Principals and representatives, in their individual capacities, are licensed insurance agents of Estate Preservation Services, LLC, Registrant's affiliated licensed insurance agency, and may recommend the purchase of certain fixed insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's Principals and representatives to purchase insurance products on a commission basis.

**Conflict of Interest:** The recommendation by either Registrant's Principals and/or representatives that a client purchase an insurance commission product presents a ***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 Registrant's Principals and/or representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.
- E. As previously noted under Item 4, AMG Wealth Partners, a subsidiary of AMG, holds a minority equity interest in the Registrant. AMG Wealth Partners and AMG also hold equity interests in certain other investment advisors ("AMG Affiliates"). Each of the AMG Affiliates, including the Registrant, is operated autonomously and independently. None of AMG Wealth Partners, AMG or any AMG Affiliate has any involvement or influence in the Registrant's selection of Independent Managers. As previously noted under Item 8, when recommending Independent Managers, the Registrant considers the client's designated investment objectives, time horizon, and liquidity requirements, as well as any other constraints. The Registrant then selects Independent Managers based upon their management style and investment merits, including their investment performance track record, risk management process, research, and accessibility to senior portfolio managers. Equally as important, the Registrant focuses on reputation and financial strength, philosophy and process, pricing, internal controls and reporting. As such, AMG Wealth Partners' ownership interest in the Registrant does not, in the Registrant's view, present such a conflict of interest that it would disqualify AMG affiliates from the Registrant's selection of Independent Managers or otherwise with respect to our clients. From time to time, it is anticipated that AMG Wealth Partners may refer prospective clients to Registrant, who may become clients of Registrant. Registrant will not compensate AMG Wealth Partners for any such referrals. However, such anticipated referrals is an additional factor in the above conflict of interest relative to the relationship between AMG and Registrant. More information regarding AMG Wealth Partners and AMG including AMG's public filings and a list of all AMG Affiliates is available at [www.amg.com](http://www.amg.com). **ANY QUESTIONS** regarding the above can be addressed

with the Registrant's Chief Compliance Officer, Joy Soodik. In addition, a client can advise the Registrant, in writing, not to utilize an AMG affiliate for his/her/its account.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's 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, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant 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 the Registrant 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 the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her 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/her designee with a written report of the Access Person's current securities holdings at least once each twelve-(12) month period thereafter on a date the Registrant selects provided, however, that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant 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. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.
- E. ***Policy Statement on Insider Trading:*** All employees of the Registrant are subject to the Affiliated Managers Group, Inc. Insider Trading Policy and Procedures (the "AMG

Insider Trading Policy”). The AMG Insider Trading Policy broadly prohibits the use of material, non-public information, and also imposes restrictions on the trading of AMG’s stock. In addition, the Registrant’s Code of Ethics also includes policies and procedures prohibiting the use of material non-public information that are designed to prevent insider trading by and officer or employee of the Registrant.

## Item 12 Brokerage Practices

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

Factors that the Registrant considers in recommending *Schwab, Ameritrade and/or Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant 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 broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant’s 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.

i. Ameritrade Institutional Customer Program

Registrant participates in the institutional advisor program (the “*Program*”) offered by *Ameritrade*. *Ameritrade* is a division of *TD Ameritrade Inc.*, member FINRA/SIPC/NFA (“*TD Ameritrade*”), an unaffiliated SEC-registered broker-dealer and FINRA member. *Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Registrant receives some benefits from *Ameritrade* through its participation in the Program. Registrant may recommend *Ameritrade* to clients for custody and brokerage services. There is no direct link between Registrant’s participation in the *Program* and the investment advice it gives to its clients, although Registrant receives economic benefits through its participation in the *Program* that are not typically available to *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 Registrant by third party vendors. *Ameritrade* may also have paid for business consulting and professional services received by Registrant. Some of the products and services made available by *Ameritrade* through the *Program* may benefit Registrant but may not benefit its client accounts. These products or services may assist Registrant in managing and administering client accounts, including accounts not maintained at *Ameritrade*. Other services made available by *Ameritrade* are intended to help Registrant manage and further develop its business enterprise. *Ameritrade* may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Registrant's representatives to attend conferences or meetings relating to the *Program* or to *Ameritrade's* advisor custody and brokerage services generally. The benefits received by Registrant or its representatives through participation in the *Program* do not depend on the amount of brokerage transactions directed to *Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by Registrant or its representatives in and of itself creates a potential conflict of interest and may indirectly influence Registrant's recommendation of *Ameritrade* for custody and brokerage services.

**The Registrant's Chief Compliance Officer, Joy Soodik, 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.**

ii. "iRebal"

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

The standard iRebal annual license fee applicable to Registrant is \$100,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the *Ameritrade* platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the *Ameritrade* platform will bring fee reductions of up to \$100,000 per year for each of as many as three years or more.

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

If Registrant does not maintain the relevant level of taxable assets on the

*Ameritrade* platform, Registrant may be required to make a penalty fee payment to *Ameritrade* calculated on the basis of the shortfall.

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

**The Registrant's Chief Compliance Officer, Joy Soodik, 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.**

iii. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab, Ameritrade and/or Pershing* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products (which may include direct monetary assistance from *Schwab, Ameritrade and/or Pershing* to obtain certain services or products), certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant 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 Registrant 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 the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Ameritrade and/or Pershing* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab, Ameritrade and/or Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual fund, security or other investment product as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Joy Soodik, 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.**

iv. The Registrant does not receive referrals from broker-dealers.

v. The Registrant 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 Registrant 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 Registrant. As a result, 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 Registrant 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 Registrant.

**The Registrant’s Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant 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 the Registrant’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 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. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. There is an Investment Policy Committee that meets periodically to discuss and determine investment objectives, investment selections and investment policies to be implemented by the Registrant and its representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant 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 the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis 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 transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

## **Item 14 Client Referrals and Other Compensation**

- A. As referenced in Item 12 above, we may receive from *Schwab, TD Ameritrade* or *Pershing* without cost (and/or at a discount), support services and/or products. Our clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, TD Ameritrade* or *Pershing* as result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab, TD Ameritrade* or *Pershing* 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 arrangements.
- B. If a client is introduced to the Registrant by an unaffiliated solicitor, Registrant 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 the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

**Our Chief Compliance Officer, Joy Soodik, 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 arrangements may create.**

## **Item 15 Custody**

The Registrant 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 transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

The Registrant engages in other practices and/or services on behalf of its clients (trustee and bill paying services) that require disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. The Registrant's Chief Compliance Officer, Joy Soodik, remains available to

address any questions that a client or prospective client may have regarding custody-related issues.

## **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant 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 the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's 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 the Registrant's use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially 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 the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant 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. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**