

## Item 1. Cover Page

### **Part 2A of Form ADV Firm Brochure**

October 16, 2017

**Savant Capital, LLC**  
**dba Savant Capital Management**  
SEC File No. 801-43144

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This brochure provides information about the qualifications and business practices of Savant Capital, LLC dba Savant Capital Management. If you have any questions about the contents of this brochure, please contact us at [info@savantcapital.com](mailto:info@savantcapital.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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Savant Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

**There have been no material changes made to this document since our last annual amendment filing on March 28, 2016.**

***A complete copy of our Form ADV Part 2A Brochure and Part 2B Supplement is available upon request, at no charge, by sending your written request to:***

***Savant Capital Management  
Attn: Cindy A. Freese, CPA, IACCP®  
190 Buckley Drive  
Rockford, IL 61107***

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## Item 4. Advisory Business

### A. Description of Your Advisory Firm

Savant Capital, LLC ("Savant" and/or "the firm"), is a Delaware corporation doing business as Savant Capital Management. Savant is principally owned by SCMI, Inc. (formerly known as Savant Capital Management, Inc.). Savant, and its predecessor company have been offering investment advisory services since March of 1993. Savant is a fee-only investment management firm, offering asset management, financial planning, and consulting services.

#### A.1. Investment Committee

The asset management programs offered by and through Savant are formulated and supervised by Savant's investment committee. Savant's investment committee is comprised of certain members of the board of managers, executive lead team, functional lead team, the investment research team and includes one outside member who is not a Savant employee but who has extensive experience and tenure in the industry. All members are appointed by the CEO and are voting members.

Savant's investment committee formulates all investment advice to be delivered to clients through a financial advisor who will be available to the client for consultation.

The committee is responsible for developing and monitoring the firm's investment program.

The committee will have the following goals and responsibilities with respect to the investment practices of Savant:

- To review and approve the investment and related strategies of Savant and to evaluate and monitor appropriate risk exposures relative to policy thresholds.
- To review the performance of the investment portfolios to ensure adherence to Savant's investment philosophy.

No Savant employee is permitted to modify the investment program except as provided by investment committee resolutions.

### B. Description of Advisory Services Offered

Savant is a fee-only investment management firm, offering two asset management services programs as well as financial planning and retirement plan consulting services. Savant's business philosophy is to seek to minimize investment risk through careful diversification and selection of appropriate investment vehicles within each asset class.

#### B.1. Asset Management Services

Savant offers its clients two asset management services programs:

- Savant Wealth Management
- Savant Portfolios

**B.1.a. Savant Wealth Management Services Program**

Through Savant Wealth Management Services, a dedicated financial advisor offers investment management, financial planning, and family office services to financially established individuals, trust funds, retirement plans, and non-profit organizations. There is a minimum asset management fee of \$5,000.

Savant Wealth Management Services is intended to comply with Rule 3a-4 under the Investment Company Act of 1940. Clients' accounts are managed on the basis of their individual financial situations. Each client has the opportunity to select the account's investment objective and to impose reasonable restrictions on the management of the assets in the account. Clients will be contacted annually to determine if there are any changes to their investment goals, objectives, and risk tolerance, and notified quarterly inviting them to contact Savant for changes to their investment goals, objectives, and risk tolerance.

***Critical factors in developing an appropriate allocation of investment assets***

Savant helps the client to determine his or her investment objectives and policies. These objectives are usually documented for the client, at Savant's discretion, in an investment policy statement ("IPS"). The following are the major factors Savant considers when recommending and implementing investment recommendations:

- Risk tolerance
- Long-term rate-of-return objective
- Investment time horizon
- Income and liquidity needs
- Tax considerations
- Recommended asset allocation/asset class guidelines
- Limitations on investment holdings

Sources of information used to develop investment recommendations may include, but are not limited to, the following:

- Client questionnaire(s) and interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

***Investment Policy Statement***

Each investment policy statement ("IPS"), if prepared by Savant, will set forth the asset allocation model that Savant and the client have determined to be appropriate. Savant's asset allocation process is typically based on long-term investment time horizons. This is based on Savant's research, which concludes that it is generally not in the investor's best interest to attempt to determine investment security purchase or sale points based on short-term economic information and/or market timing models.

Within the IPS, Savant provides important information concerning the following categories, as appropriate:

- Risk tolerance
- Long-term rate-of-return objective
- Investment time horizon
- Income and liquidity needs
- Tax considerations
- Recommended asset allocation/asset class guidelines
- Frequency of investment policy re-evaluation
- Trading procedures
- Procedures for selecting and monitoring investments
- Fee arrangement
- Custody arrangements
- Description of authority delegated to Savant
- Limitations on investment holdings

Savant and the client will review each client portfolio periodically to determine if risk and return objectives or investment policies need revision. There is no charge for revising an IPS.

#### ***Ongoing monitoring***

Savant will periodically rebalance the client's investment portfolio to conform to the asset allocation/asset class guidelines accepted by the client. Savant, in consultation with the client, will periodically review each client's portfolio to determine whether risk and return objectives and investment policies need revision as a result of changes in the client's financial circumstances. If revision is necessary, then Savant will amend the IPS with the updated information and implement a new model portfolio.

#### ***Sub-Advisors***

From time to time and to the extent permitted in each client's advisory agreement, Savant may engage the services of other independent advisors ("sub-advisors") to provide specialized advisory services. In such cases, Savant may collect certain financial information regarding clients and make that information available to these sub-advisors.

#### **B.1.b. Savant Portfolios Program**

Savant offers portfolio management services under the Savant Portfolios Program. Through this program, clients who would not otherwise meet our Savant Wealth Management Services Program requirements and who prefer a lower minimum fee are able to benefit from our investment methodology. Although Savant Portfolios clients will utilize the same allocation models, to help control costs, the mix of funds selected for inclusion within these allocation models may be more limited than those used in Savant Wealth Management. In order to provide these services at a cost-effective rate the number and level of services included is

narrower than those provided under the Savant Wealth Management umbrella. Savant Portfolios clients typically do not require the same level of investment complexity due to their current financial needs. There is a minimum asset management fee of \$900.

Savant Portfolios is intended to comply with Rule 3a-4 under the Investment Company Act of 1940. Clients' accounts are managed on the basis of their individual financial situations. Each client has the opportunity to select the account's investment objective and to impose reasonable restrictions on the management of the assets in the account. Clients will be contacted annually to determine if there are any changes to their investment goals, objectives, and risk tolerance, and notified quarterly inviting clients to contact Savant for any changes to their investment goals, objectives, and risk tolerance.

Savant's methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria. Savant typically recommends to clients the same mutual funds and ETFs within particular asset classes.

***Critical factors in developing an appropriate allocation of investment assets***

Savant helps the client to determine his or her investment objectives and policies. These objectives are usually documented for the client, at Savant's discretion, in an investment policy statement ("IPS"). The following are the major factors Savant considers when recommending and implementing investment recommendations:

- Long-term rate-of-return objective
- Risk assessment/tolerance
- Investment time horizon
- Income and liquidity needs
- Recommended asset allocation/asset class guidelines
- Restrictions on management of account

Sources of information used to develop investment recommendations may include, but are not limited to, the following:

- Client questionnaire(s) and interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

***Investment Policy Statement***

Each investment policy statement ("IPS"), if prepared by Savant, will set forth the asset allocation model that Savant and the client have determined to be appropriate. Savant's asset allocation process is typically based on long-term investment time horizons. This is based on Savant's research, which shows that it is generally not in the investor's best interest to attempt



to determine investment security purchase points based on short-term economic information and/or market timing models.

Within the IPS, Savant provides important information concerning the following categories, as appropriate:

- Risk tolerance
- Long-term rate-of-return objective
- Investment time horizon
- Income and liquidity needs
- Tax considerations
- Recommended asset allocation/asset class guidelines
- Frequency of investment policy re-evaluation
- Trading procedures
- Procedures for selecting and monitoring investments
- Fee arrangement
- Custody arrangements
- Description of authority delegated to Savant
- Limitations on investment holdings

Savant and the client will review each client's portfolio periodically to determine if risk and return objectives or investment policies need revision. There is no charge for revising an IPS.

#### ***Ongoing monitoring***

Savant will periodically rebalance the client's investment portfolio to conform to the asset allocation/asset class guidelines accepted by the client. Savant, in consultation with the client, will periodically review each client's portfolio to determine whether risk and return objectives and investment policies need revision as a result of changes in the client's financial circumstances. If revision is necessary, then Savant will amend the IPS with the updated information and implement a new model portfolio.

#### **B.1.d. Socially Responsible Model Portfolios**

##### ***Social Values Objective***

Savant will manage the overall portfolio with social values as an objective. Our goal will be to maintain an ideal balance of investment and values-based objectives meaning we will attempt to maximize investment returns while avoiding undue volatility and risk, and will utilize investment holdings that generally avoid companies involved in certain social and moral issues. The companies we try to avoid would be those with involvement in the following areas: abortion/for-profit healthcare/pharmaceuticals, tobacco, alcohol, serious human rights violators, gambling, adult entertainment, and military/weapons of mass destruction. The portfolio will be managed to have characteristics similar to the standard (non-screened) Savant

model portfolios with a focus on asset allocation, broad diversification, low cost, and tax-efficient investments.

### ***Sustainability Objective***

Savant will manage the overall portfolio with sustainability as an objective. Our goal will be to maintain an ideal balance of investment and values-based objectives meaning we will attempt to maximize investment returns while avoiding undue volatility and risk, and will utilize investment holdings that generally focus on sustainable companies. The companies we try to emphasize in the portfolio have strong attributes in the following areas: environmental stewardship, commitment to community/society, dedication to product safety and quality, high labor standards, and ethical governance. The portfolio will be managed to have characteristics similar to the standard (non-screened) Savant model portfolios with a focus on asset allocation, broad diversification, low cost, and tax-efficient investments.

## **B.2. Financial Planning and Other Consulting Services**

### **B.2.a. Financial Planning Services**

Savant provides non-discretionary estate, retirement, and/or financial planning advice to non-advisory clients. Advice is based on objectives communicated, either orally or in writing, by the client and/or his or her advisors. Planning advice may be provided through individual consultations and/or a written plan document. A written plan may include but is not limited to the following:

- Stock option analysis
- Insurance planning
- Education funding
- Retirement planning, which may include written estimates of cash flow and/or retirement needs and sources
- Divorce planning
- Estate planning, which may include:
  - A written description of estate and/or life-style objectives
  - An evaluation of current and/or suggested estate ownership structure
  - Diagnostic reports that identify estate ownership alternatives
  - Coordination of estate planning objectives with current/future assets/professional advisors
- A plan for monitoring the implementation of Savant's recommendations

### **B.2.b. Retirement Plan Consulting Services**

Savant provides Retirement Plan Consulting Services to clients under two retirement service programs: Advisor Services or Steward Services. Savant provides six Model Portfolios ranging from Global All-Stock (growth) to Global All-Fixed Income from which participants can choose, or they may select from 16 investment funds if the participant wants to be more

hands-on. If a participant does not make an election, a default model will be selected based upon the client's age. Three models are defined for this purpose:

- The Conservative Model (if current age is over 60)
- The Moderate Model (if current age is between 50 and 60)
- The Growth Model (if current age is under 50)

### ***3(21) Retirement Plan Advisor Services***

Savant provides Retirement Plan Consulting Services for plan trustees, fiduciaries, and participants as an investment manager. Savant will review, monitor, and select investment options to be offered by a client's plan. Savant provides these services in five primary areas. These include:

- Savant Plan Design & Coordination Tools<sup>SM</sup>
  - Plan design
  - Coordination of Specialist Services (i.e., investment advisor and consultant, mutual funds, the custodian, and the record keeper/administrator)
  - Oversight of Specialists
  - Administration Technology
  - Plan
  - Plan Sponsor
- Savant Fiduciary Consulting
  - Development of a fiduciary governance process - Savant will work with the plan sponsor's investment committee. The fiduciary governance process will consist of CEFEX (Center for Fiduciary Excellence) self-governance documentation to allow the committee to follow global standards of fiduciary excellence as an investment steward to the client's plan. Savant will develop and deliver a governance packet to assist plan clients in meeting their fiduciary obligations. CEFEX is an independent global assessment and certification organization. It works closely with investment fiduciaries and industry experts to provide comprehensive assessment programs to improve risk management for institutional and retail investors.
  - Scheduled management discussion meetings
  - Named fiduciary
- Savant Participant Success Kit<sup>SM</sup>
- Savant Engaged Participant Education<sup>SM</sup>
  - Group enrollment meetings
  - Written materials
  - One-on-one allocation and fund selection meetings
  - Quarterly investment review and analysis

**3(38) Retirement Plan Advisor Services**

Additionally as a 3(38) Plan Advisor, Savant provides:

- Investment policy statement development and maintenance
- Formalization and maintenance of investment review guidelines
- Initial and ongoing due diligence
- Investment and market research
- Savant Investment Consulting
  - Fund searches
  - Access to institutional funds
  - Monitoring service
  - Annual fund status, analysis, and review report
  - Evaluating new funds
  - Cost oversight

**3(16) Retirement Plan Steward Services**

Under the Steward Services program, in addition to the services defined above, Savant also serves as the named plan administrator. In this capacity Savant also will fulfill other responsibilities as set forth in plan documents in accordance with sections 101, 102, and 103 of ERISA as applicable, including:

- Ensure all filings with the federal government (form 5500, etc.) are timely made
- Make important disclosures available to plan participants
- Hire plan service providers

Savant is a fiduciary of the client's plan to the extent of Savant's responsibilities as specified in the agreement signed between Savant and the client. Savant's service as fiduciary and plan administrator, and the related responsibilities, will terminate when the agreement ends. Savant's obligations are contingent upon the client providing timely and accurate information regarding the plan it sponsors and/or its participants.

At the discretion and expense of Savant, we may outsource any of the above services.

As an accommodation to the plan, services provided to/for self directed brokerage accounts are limited to obtaining periodic statements from the custodian or plan participant; updating the plan's recordkeeping account; and reporting the self directed brokerage account activity and balances on federal government filings as required.

**B.3. Savant Family Wealth Transfer Service**

Savant Family Wealth Transfer Service expands our firm's capabilities regarding family wealth counseling, philanthropic advisory and asset protection by providing our client's families with complex estate and legacy planning and other wealth transfer advice. Savant works with clients and their attorneys to develop plans that ensure the smooth transition of assets from one

generation to the next while eliminating needless tax and perpetuating the transfer of our client's legacy and family values.

The services Savant clients receive may vary based upon the aggregate of managed assets and the client's individualized needs. Services that clients may receive are:

- *Savant Estate Planning Review™* performed by Savant Planning Team on a routine basis.
- *Annual Savant Ideal Futures Wealth Transfer Assessment™* performed by Savant Estate and Wealth Transfer Advisor or Savant Planning Team.
- Comprehensive estate and *Wealth Transfer Gap Analysis* using *Savant Ideal Futures Wealth Transfer Process™*.
- Periodic consultation with the Savant Estate and Wealth Transfer Advisor.
- Client's lead or co-advisor can consult with Savant Estate and Wealth Transfer Advisor, as required.
- Legal Concierge service to coordinate estate planning and document drafting with outside legal advisors provided by Savant Planning Team and/or Savant Estate and Wealth Transfer Advisor.
- Additional customized wealth transfer services may be included (or billed separately by the project, by the hour or by quarterly retainer) depending on aggregate managed assets and individualized client needs.

Additionally, non-asset management clients can take advantage of our services as a retainer or project based service. Services available include:

- Estate Planning
- Gift Planning
- Asset Protection Advisory
- Charitable Planning
- Trust Entity Design
- Business Entity Design
- Business Succession Planning
- Tax Planning
- Insurance Planning
- Special Supplemental Needs Trust Planning (for Disabled Individuals)

## **C. Miscellaneous**

### **C.1. Electronic Delivery of Documents**

Savant may provide all personal financial information, including statements, electronically through access to the firm's website. This may include the client's quarterly invoice detailing the calculation of fees, any notices, and other communications or disclosures, including Savant's annual offer of the Form ADV Part 2A and 2B (the firm's Brochure and Brochure Supplement). The client must provide a valid email address for this purpose.

## **C.2. Planning and Non-Investment consulting/Implementation Services**

As discussed above, Savant may provide financial planning and consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc.. Neither Savant, nor any of its representatives, serves as an attorney or insurance agent, and no portion of Savant's services should be construed as same.

To the extent requested by a client, Savant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including its affiliated accounting firm, Savant Tax & Consulting (See Item 10 below). 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 Savant.

**Please Note:** If the client engages any such recommended unaffiliated 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 Savant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Savant's previous recommendations

## **C.3. 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 may be recommended and/or utilized by Savant independent of engaging Savant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Savant's initial and ongoing investment advisory services.

## **C.4. ERISA / IRC Fiduciary Acknowledgment**

If the 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 the firm 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 the firm or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

## **C.5. Retirement Rollovers – No Obligation/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 his former employer's plan, if permitted,
- ii) roll over the assets to his new employer's plan, if one is available and rollovers are permitted,
- iii) rollover 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 Savant recommends that a client roll over their retirement plan assets into an account to be managed by the Savant, such a recommendation creates a conflict of interest if Savant will earn an advisory fee on the rolled over assets. **(see Please Note below).**

- v) **In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Savant (unless you engage Savant to monitor and/or manage the account while maintained at your employer). Savant has an economic incentive to encourage an investor to roll plan assets into an IRA that Savant will manage or to engage Savant to monitor and/or manage the account while maintained at your employer. There are various factors that Savant may consider before recommending a rollover, including but not limited to:** i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus Savant, iv) protection of assets from creditors and legal judgments, required minimum distributions and age considerations, and
- vi) employer stock tax consequences, if any.

To the extent that Savant recommends that clients roll over assets from their retirement plan to an IRA managed by Savant, then Savant represents that it and its investment adviser representatives are fiduciaries under the Employment Retirement Income Security Act of 1974 ("ERISA"), or the Internal Revenue Code, or both.

**No client is under any obligation to rollover retirement plan assets to an account managed by Savant. Savant's Chief Compliance Officer, Cindy A Freese, CPA, IACCP®, 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.**

**Please Note:** Savant's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is moot.

#### **C.6. Sub-Advisory Engagements**

Savant may also serve as a sub-adviser to unaffiliated registered investment advisers per the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory

services, the unaffiliated investment advisers that engage Savant's sub-advisory services maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for Savant's designated investment strategies.

If the custodian/broker-dealer is determined by the unaffiliated investment adviser, Savant will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. 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 through alternative clearing arrangements recommended by Savant. Higher transaction costs adversely impact account performance.

### **C.7. Asset Based Pricing Limitations**

In limited circumstances (generally limited to its equity index strategy-the "Strategy"), Savant may recommend that its clients enter into an asset based pricing and/or flat fee agreement with the account custodian. Under an asset based pricing arrangement, the amount that you will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of your account (generally, the greater the market value, the lower the %). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against your account for each account transaction.

Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. We do not receive any portion of the asset based transaction fees payable by you to the account custodian. We believe that Strategy clients continue to benefit from an asset based pricing arrangement, and continue to review same on an annual basis. You can request at any time to switch from asset based pricing to transactions based pricing. However, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by you to switch to transaction based pricing could prove to be economically disadvantageous.

### **C.8. ByAllAccounts**

Savant, in conjunction with the services provided by ByAllAccounts, Inc., may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets," including those investment assets that are not part of the assets managed by Savant (the "Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not Savant, shall be exclusively responsible for the investment performance of the Excluded Assets. Savant's service relative to the Excluded Assets is limited to reporting and non-discretionary consulting services only (to the extent specifically requested), which does not include investment implementation. Savant does not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment



professional), the client (and/or the other investment professional), and not Savant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. Savant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Savant provide discretionary investment management services (whereby Savant would have trading authority) with respect to the Excluded Assets, the client may engage Savant to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between Savant and the client.

### **C.9. Client Obligations**

In performing its services, Savant 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 their responsibility to promptly notify Savant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Savant's previous recommendations and/or services.

### **C.10. 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 Savant) will be profitable or equal any specific performance level(s).

### **C.11. Fee Differentials**

Savant shall price its services based upon objective and subjective factors. As a result, Savant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall services to be rendered. The services to be provided by Savant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Savant's Chief Compliance Officer, Cindy A. Freese, CPA, IACCP®, remains available to address any questions that a client or prospective client may have regarding the above fee determination.

### **C.12. 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 may be recommended and/or utilized by Savant independent of engaging Savant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Savant's initial and ongoing investment advisory services. **Please Note- Use of DFA Mutual Funds:** The mutual funds sponsored by Dimensional Fund Advisors ("DFA") are generally only available through registered investment advisers. Savant utilizes DFA mutual

funds. Thus, if the client was to terminate Savant's services, restrictions regarding transferability and/or additional purchases of, or reallocation among, DFA funds will apply.

**Savant's Chief Compliance Officer, Cindy A. Freese, CPA, IACCP, remains available to address any questions that a client or prospective client may have regarding the above.**

### **C.13. Electronic Confirmations / Account Statements**

Certain custodians offer reduced transaction fee charges on certain type transactions to clients who elect to receive electronic trade confirmations and account statements rather than by regular mail. Unless you advise Savant to the contrary, in writing, Savant will advise the custodian that the client elects to receive trade confirmations and account statements via regular mail.

## **D. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account.

## **E. Wrap Fee Programs**

Savant does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

## **F. Client Assets Under Management**

As of September 30, 2017, Savant manages \$5,359,364,571 of discretionary assets and \$0 non-discretionary assets as Regulatory Assets Under Management.

Savant also manages \$126,947,040 of Assets Under Consultation.

**Please Note:** Assets under Consultation include:

- assets for which Savant provides continuous and regular management services but the assets do not fit the regulatory requirements to be included as RAUM
- assets for which Savant does not provide continuous or regular management services, but does provides services and recommendations as requested by the client.

## Item 5. Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Asset Management Program Fees

##### A.1.a. Advisory Fees for the Savant Wealth Management Services Program

Savant's fee for managing client portfolios is based on a percentage of the client's total assets under management and/or advisement. This fee is payable, in advance, on a quarterly basis. Advisory fees are based on account values as of the end of the previous quarter. Fees are also calculated on a prorated basis for deposits received during the current quarter. Savant is compensated solely by the client. Our fees range from an annualized rate of .50% to 1.25% based upon total assets under management and/or advisement and the complexity of the client services required and/or provided, and the market where the client is located. Savant has established a minimum fee of \$5,000 per account. **Please See Fee Minimums and Fee Differentials** below.

In addition to Savant's fees, sub-advisors may charge their own fees as set forth in each client's investment advisory agreement, as amended from time to time. The fee schedule is subject to change upon prior written notice to account holders. Fees may be higher or lower than those charged by other advisors, and clients may be able to obtain similar services elsewhere for a lower fee.

**Fee Minimums:** Savant, in certain cases and in its sole discretion, may institute higher minimums based on the nature and complexity of the client situation. Savant also may waive its account minimum and/or annual minimum fee, or charge a lesser investment 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, negotiations with client, etc.). **Please Note:** If you are a Wealth program client and maintain less than \$400,000 of assets under Savant's management, and are subject to the \$5,000 annual minimum fee, you will pay a higher percentage Annual Fee than the 1.25% referenced in the above fee range.

**Fee Differentials:** As discussed above, Savant shall price its services based upon objective and subjective factors. As a result, Savant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall services to be rendered. The services to be provided by Savant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Grandfathered Fee Schedules:** Many clients have and will continue to be grandfathered under fee schedules and/or agreements that preceded the client's engagement of Savant. Savant has grown, and expects to continue to grow, by acquisition of other advisory firms throughout the United States. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from that set forth in Item 5 of this Brochure. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Savant's

acquisition. In addition, Savant clients who move to new programs may also maintain grandfathered fee schedules. As a result, Savant clients could be subject to various different fee schedules and/or arrangements, including those that may be higher or lower than Savant's fee schedule set forth at Item 5. Any grandfathered fee schedules and/or arrangements shall be confirmed by Savant in the Investment Advisory Agreement executed by the client upon the engagement of Savant. ANY QUESTIONS: Savant's Chief Compliance Officer, Cindy Freese, CPA, IACCP®, remains available to address them.

#### **A.1.b. Advisory Fees for the Savant Portfolios Program**

Savant's fee for managing the client portfolio is based on a percentage of the client's total assets under management. This fee is payable, in advance, on a quarterly basis. Advisory fees are based on account values as of the end of the previous quarter. Fees are also calculated on a prorated basis for deposits received during the current quarter.

Savant is compensated solely by the client. Our fees range from an annualized rate of 1.0% to 1.50% based upon total assets under management and/or advisement and the complexity of the client services required and/or provided. Savant requires a minimum fee of \$900 per account. **Please See Fee Minimums and Fee Differentials** below

**Fee Minimums:** Savant, in its sole discretion, may waive its account minimum and/or annual minimum fee, or charge a lesser investment 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, negotiations with client, etc.).

**Please Note:** If you are a Savant Portfolio's client and maintain less than \$60,000 of assets under Savant's management, and are subject to the \$900 annual minimum fee, you will pay a higher percentage Annual Fee than the 1.50% referenced in the above fee range.

**Fee Differentials:** As discussed above, Savant shall price its services based upon objective and subjective factors. As a result, Savant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall services to be rendered. The services to be provided by Savant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Grandfathered Fee Schedules:** Many clients have and will continue to be grandfathered under fee schedules and/or agreements that preceded the client's engagement of Savant. Savant has grown, and expects to continue to grow, by acquisition of other advisory firms throughout the United States. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from that set forth in Item 5 of this Brochure. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Savant's acquisition. In addition, Savant clients who move to new programs may also maintain grandfathered fee schedules. As a result, Savant clients could be subject to various different fee schedules and/or arrangements, including those that may be higher or lower than Savant's fee schedule set forth at Item 5. Any grandfathered fee schedules and/or arrangements shall be confirmed by Savant in the Investment Advisory Agreement executed by the client upon

the engagement of Savant. Savant's Chief Compliance Officer, Cindy Freese, CPA, IACCP<sup>®</sup>, remains available to address them.

#### **A.1.c. Additional Terms for All Savant Client Accounts**

Savant retains the right to waive or negotiate fees in certain circumstances and to modify the above fee schedules prior to performing services.

The client agrees to reimburse Savant for any other expenses incurred by Savant while implementing agreed-upon services. These expenses may include, but are not limited to, investment sponsor management fees, trustee fees, and pension administration expenses. Savant receives *no* compensation, commissions, remuneration, or referral fees from investment sponsors or executing brokers for any of these expenses.

Payment of fees, other than those remitted to Savant from the custodian, are due and payable within ten days of the client's receipt of the bill for services. Savant, at its discretion, may charge simple interest at the rate of 18% per year (1.5% monthly) on bills not paid within ten days. This interest charge is called a "finance charge." A client's failure to pay for services rendered terminates Savant's obligation to provide advisory and/or other services.

#### **A.2. Fees for Financial Planning for Savant Clients without Managed Assets**

Financial Planning services provided to Savant's asset management clients are covered by the asset management fee collected by Savant. For Financial Planning only clients, the fee for financial planning will be based on the size, scope, and nature of each individual project, and will be determined prior to the commencement of the engagement. The typical fixed base services may range in cost from \$250 to \$5,000.

The client and Savant typically agree that the project will be billed upon completion of the project, and that the relationship will end at the time of project delivery. More complex projects may require the payment of a retainer prior to the start of the project. The initial retainer will be applied against the final invoice. Final payment is due within 30 days of receipt of the bill. However, if completion of the project is delayed (beyond 6 months) because requested information has not been provided, Savant retains the right to progress bill for work that has been performed to date.

#### **A.3. Fees for Retirement Plan Consulting Services**

##### **A.3.a. Fees for Retirement Plan Advisor Services**

Savant charges an annual retainer fee based on the following fee schedule:

##### ***3(38) Investment Management Services (Asset Based) fees:***

<u>Plan Assets</u>	<u>Annual Fee</u>
\$0 to \$1,000,000	0.50% of plan assets
\$1,000,001 - \$10,000,000	0.30% of plan assets
Over \$10,000,000	0.25% of plan assets

**3(21) Investment Advisory Services (Asset Based) fees:**

<u>Plan Assets</u>	<u>Annual Fee</u>
\$0 to \$1,000,000	0.50% of plan assets
\$1,000,001 - \$10,000,000	0.30% of plan assets
Over \$10,000,000	0.25% of plan assets
Minimum Investment Services Annual Fee	\$35,000

Fees are payable quarterly, in advance, and are based on ending asset values from the previous quarter. The fee covers all of the above-referenced consulting and management services.

This is the only fee Savant will receive for Retirement Plan Advisor Services. The fee compensates Savant for all consulting, investment advisory, fiduciary, and participant education services.

Savant retains the right to waive or negotiate fees in certain circumstances and to modify the above fee schedules prior to performing services.

Self-Directed Participant Account Administration:

Accounts Held at Plan Custodian	\$400
Accounts Held at Custodian of Choice	\$800

These fees are in addition to custodian and other 3<sup>rd</sup> party providers' published fee schedules for maintaining a self-directed brokerage account for the participant. All fees incurred for these services will be the sole responsibility of the participant that has elected to establish a self-directed brokerage account.

**A.3.b. Fees for Retirement Plan Steward Services**

Savant charges an annual retainer fee based on the following fee schedule:

**3(38) Investment Management Services (Asset Based) fees:**

<u>Plan Assets</u>	<u>Annual Fee</u>
\$0 to \$1,000,000	0.50% of plan assets
\$1,000,001 - \$10,000,000	0.30% of plan assets
Over \$10,000,000	0.25% of plan assets

**3(21) Investment Advisory Services (Asset Based) fees:**

<u>Plan Assets</u>	<u>Annual Fee</u>
\$0 to \$1,000,000	0.50% of plan assets
\$1,000,001 - \$10,000,000	0.30% of plan assets
Over \$10,000,000	0.25% of plan assets
Combined Total Minimum Annual Fee	\$5,000

Named Plan Administrator

Base fee	\$1,500
Per Participant Fee	\$37

Recordkeeping

Per Participant Fee	\$58
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Minimum Plan Administration Annual Fee	\$5,000
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The minimum annual fee is for the combined total fees for the Named Plan Administrator and Recordkeeping Services. This is in addition to the minimum annual fee for plan assets.

One-Time Plan Set-Up Expenses

Base fee	\$1,500
Per Participant Fee	\$25

Plan asset fees are payable quarterly, in advance, and are based on ending asset values from the previous quarter. The Combined Total Minimum Annual fee includes both the 3(38) and 3(21) Asset Based Fees. The Named Plan Administrator and Recordkeeping fees are collected on a quarterly basis and may vary based upon the number of participants. The one-time plan set-up expenses are only charged at the onset of the engagement to cover the set up of the plan and participants.

Any additional services rendered such as specialized testing or reporting may be subject to additional fees negotiated at the time of the request.

Savant retains the right to waive or negotiate fees in certain circumstances and to modify the above fee schedules prior to performing services.

Self-Directed Participant Account Administration:

Accounts Held at Plan Custodian	\$400
Accounts Held at Custodian of Choice	\$800

These fees are in addition to custodian and other 3<sup>rd</sup> party providers' published fee schedules for maintaining a self-directed brokerage account for the participant. All fees incurred for these services will be the sole responsibility of the participant that has elected to establish a self-directed brokerage account.

**A.4. Estate and Wealth Transfer Services****A.4.a. Pricing for Savant Client's with Managed Assets**

Services provided to Savant's asset management clients under the Savant Family Wealth Transfer service are typically covered by the asset management fee collected by Savant. However, additional customized wealth transfer services may be included (or billed separately by the project, by the hour or by quarterly retainer) depending on the aggregate managed

assets and individualized client needs. See list of Separately Billed services located at: Item 4 B.3. Savant Family Wealth Transfer Services

**A.4.b. Pricing for Savant Client's without Managed Assets**

***Hourly Rates***

Estate and Wealth Transfer Advisor	\$275/hour
Wealth Management Advisor	\$250/hour
Savant Principal	\$300/hour
Savant Planning Team Member	\$150/hour
Administrative Support	\$75/hour

***Project Fees***

Proposed fee based on the estimated hours required to complete the project scope. The Project fee is based on estimated hours and team member utilization less a 10% discount. Minimum project fee is \$2,500. For additional work requested beyond the project scope, hourly rates apply.

***Annual Retainer Fees***

Annual retainer fees are billed quarterly based on the estimated annualized scope of the engagement. Retainer fees are generally based on the estimated hours and anticipated team member utilization less a 20% discount. The size of the annual retainer will be re-evaluated annually by Savant and the client and may be adjusted up or down based on actual experience and anticipated go forward client needs.

***Services not included in Savant Wealth Transfer Retainers***

- Investment Management Services
- Legal Services
- Corporate Trustee Services
- Trust Administration Services
- Tax Preparation Services
- Retirement Plan Administration and Actuarial Services
- Accounting Services

**A.5. Fees for Tax Preparation**

Savant provides tax return preparation services for certain clients. These services may include preparation of:

- Individual, business, trust, estate, gift and benefit plan tax returns
- Electronics filing service
- Dealing with the IRS (represent before the IRS)



Tax preparation fees are generally based on the complexity of the return and billed upon completion. Generally:

- The fee to prepare individual income tax returns ranges from \$400 to \$750
- The fee to prepare trust tax returns ranges from \$500 to \$850

Savant retains the right to waive or negotiate fees in certain circumstances.

#### **A.6. Fees for Accounting Services**

Our Virginia office provides a few clients with bookkeeping and payroll services including:

- Monthly bookkeeping
- Preparation of payroll and all payroll tax filings (federal and state)
- Payroll tax payments

The fee for accounting services is generally a fixed amount, based upon the services provided and the volume of transactions processed. Savant retains the right to waive or negotiate fees in certain circumstances. The tax preparation fee for business tax returns for accounting clients is included with their accounting service fee.

#### **A.7. Fees for Fixed Income Managed Accounts**

Savant utilizes BAM Advisor Services, LLC ("BAM") as a sub-advisor for fixed income portfolio services. BAM charges a fee based on a percentage of assets being monitored by BAM and shall not exceed, on an annualized basis, 18 basis points. The sub-advisory fee does not include custodial fees or transaction costs charged by the client's custodian and is in addition to fees charged for Savant's services to the client. **Client authorizes Savant to deduct the sub-advisory fee directly from Client's custodial account for payment to the Sub-advisor.** This fee may be waived in part or in whole by Savant. Savant is not an affiliate of BAM and receives no additional compensation for clients who utilize BAM's services. See Item 10. C.3.a.

#### **A.8. Fees for Individual Bond Managed Accounts**

Savant has contracted with Eaton Vance Management ("Eaton Vance") as a subadvisor for Separately Managed Corporate Bond Ladders. Eaton Vance's sub-advisory fee has a maximum annual rate of 0.16% of the appraised market value of the assets in the Account subject to fee. The sub-advisory fee does not include custodial fees or transaction costs charged by Client's custodian or broker-dealer and is in addition to the advisory fees charged by Savant as set forth in the Investment Advisory Agreement. **Client authorizes Savant to deduct the subadvisory fee directly from Client's custodial account for payment to the Subadvisor.** Savant is not an affiliate of Eaton Vance and receives no additional compensation for clients who utilize Eaton Vance's services. See Item 10. C.3.b.

#### **A.9. Fees for Asset Management Sub-advisory services**

Savant may provide sub-advisory asset management services for other advisors. Compensation for these services is governed by the sub-advisory agreement between Savant and the Advisor.

Fees are payable quarterly, in advance, and are calculated as a percentage of the ending asset values from the previous quarter. Savant's fee is included in the fee charged by the advisor and will not exceed 25% of the standard asset management fee charged to clients by their advisor.

#### **A.10. Fees for Retirement Plan Sub-advisory services**

For Sub-Advisory Retirement Plan Services, Savant charges an annual retainer fee based on the assets under management. Fees for this arrangement are governed by the sub-advisory agreement between Savant and the plan adviser.

Fees are payable quarterly in advance, and are calculated as a percentage of the ending asset values from the previous quarter. The custodian will bill the benefit plan directly for the fees due. The fee covers all of the above-referenced consulting and management services.

This is the only fee that will be charged. The fee compensates Savant and any other investment advisor for whom Savant is providing services as a sub-advisor, for all consulting, investment advisory, fiduciary, and participant education services. Savant will receive a portion of the fee charged, not to exceed 50%, for their services provided.

#### **A.11. Fees for Strategist Models**

Savant utilizes ASPIRE Financial Services, Inc., as the service provider for the retirement plans that we advise. In an effort to service ASPIRE's clients who have IRA Roll-over assets, ASPIRE has provided a listing of strategists who provide a selection of model portfolios from which the participant can choose to invest their funds. Savant and others who are providing similar models are referred to as "strategists". The participant can select whichever strategist or model they wish to utilize from the strategists list ASPIRE provides. ASPIRE pays Savant for each participant that has chosen Savant as their strategist an amount equal to twenty five (25) basis points per annum multiplied by the daily value of the Assets Under Management. This fee shall be paid monthly in arrears.

### **B. Client Payment of Fees**

Savant requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying Savant or their custodian in writing.

Savant will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

**C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Savant may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

**D. Prepayment of Client Fees**

Savant requires the prepayment of fees for its asset management services only. Savant's fee for managing client portfolios in its asset management programs is based on a percentage of the client's total assets under management. This fee is payable, in advance, on a quarterly basis. Advisory fees are based on account values as of the end of the previous quarter. Fees are also calculated on a prorated basis for deposits received during the current quarter. Asset management clients may terminate an advisory agreement in writing within 90 calendar days of the date of execution of the agreement and are entitled to a full refund of all fees paid in advance, but not yet earned, excluding custodial and transaction fees charged by third-party custodians or brokerage firms. Thereafter, an advisory agreement may be terminated by either party upon 30 days' written notice. Unearned quarterly fees will be refunded to the client pro rata on the basis of the days remaining in the calendar quarter. Any refunds due will be paid within 60 days of the date of termination.

**E. External Compensation for the Sale of Securities to Clients**

Savant financial advisors are compensated solely through a salary and bonus structure. Savant financial advisors are not paid any sales, service, or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

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

Savant does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7. Types of Clients

Savant offers its investment services to various types of clients, including high-net-worth individuals, trusts, corporations, banks and thrift institutions, non-profit organizations such as foundations, endowments and charitable entities, Taft-Hartley governed entities, and pension plans. Although Savant provides investment services to the various types of clients mentioned, the asset management services are conditioned upon meeting certain minimum criteria established by Savant for each of the investment programs it offers.

Savant offers two asset management programs:

**Savant Wealth Management Services Program** There is a minimum annual fee of \$5,000. **Please Note:** If you are a Wealth program client and maintain less than \$400,000 of assets under Savant's management, and are subject to the \$5,000 annual minimum fee, you will pay a higher percentage Annual Fee than the 1.25% referenced in the above fee range.

**Savant Portfolios Program** Savant has a minimum annual fee of \$900 for Savant Portfolios Program assets. **Please Note:** If you are a Portfolio's program client and maintain less than \$60,000 of assets under Savant's management, and are subject to the \$900 annual minimum fee, you will pay a higher percentage Annual Fee than the 1.50% referenced in the above fee range.

**Account Minimums:** Savant, in certain cases and in its sole discretion, may institute higher minimums based on the nature and complexity of the client situation. Savant may waive its account minimum and/or annual minimum fee, or charge a lesser investment 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, negotiations with client, etc.).

**Fee Differentials.** As discussed above, Savant shall price its services based upon objective and subjective factors. As a result, Savant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall services to be rendered. The services to be provided by Savant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Grandfathered Fee Schedules:** Many clients have and will continue to be grandfathered under fee schedules and/or agreements that preceded the client's engagement of Savant. Savant has grown, and expects to continue to grow, by acquisition of other advisory firms throughout the United States. The acquired firms could have fee schedules or other fee arrangements with its clients that differ from that set forth in Item 5 of this Brochure. Upon acquisition, an acquired firm will generally maintain its pre-existing fee schedule subsequent to Savant's acquisition. In addition, Savant clients who move to new programs may also maintain grandfathered fee schedules. As a result, Savant clients could be subject to various different fee schedules and/or arrangements, including those that may be higher or lower than Savant's fee schedule set forth at Item 5. Any grandfathered fee schedules and/or arrangements shall be confirmed by Savant.

in the Investment Advisory Agreement executed by the client upon the engagement of Savant. ANY QUESTIONS: Savant's Chief Compliance Officer, Cindy Freese, CPA, IACCP<sup>®</sup>, remains available to address them.

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

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

Savant employs the use of an investment committee that is composed of certain members of the board of managers, the executive team, the functional lead team and the research team. The members are appointed by the CEO. The investment committee is responsible for identifying and implementing the methods of analysis used by Savant in formulating investment strategies and model portfolios. In general, Savant takes a structured, long-term approach to investing that is based on Modern Portfolio Theory.

Savant uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Savant and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria.

Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.

Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the investment performs relative to the overall market, earnings data, price to earnings ratios, and related data.

In addition, Savant performs qualitative research and reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Savant may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **A.1. Mutual Funds, Exchange-Traded Funds, Individual Equity and Fixed Income Securities**

A description of the criteria to be used in formulating an investment recommendation for mutual funds, exchange-traded funds, and individual securities (including fixed income securities) is set forth below.

Savant has formed a relationship with a third-party vendor that provides a technological platform for separate account management.

Savant may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, and exchange-traded funds to clients as appropriate under the circumstances.

Savant reviews certain quantitative and qualitative criteria related to funds and to formulate investment recommendations to its clients. Quantitative criteria may include:

- the performance history of a fund evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the fund manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in recommending funds include the investment objectives and/or management style and philosophy of a fund, a fund's consistency of investment style, and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to funds are reviewed by Savant on a quarterly basis or such other interval as determined by the investment committee. In addition, funds are reviewed to determine the extent to which their investments reflect efforts to time the market, or to evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the fund by Savant (both of which are negative factors in implementing an asset allocation structure). Based on its review, Savant's investment committee will determine the recommendations made to clients regarding the retention or discharge of a fund.

## **A.2. Material Risks of Investment Instruments**

The investment vehicles most commonly purchased for Savant clients are shares of registered open-end mutual funds, exchange-traded funds, and individual equity and fixed income securities. Many of these investments can be purchased directly by clients without utilizing the services of an advisor. Mutual funds and exchange traded funds have embedded management fee and trading expenses. These fees and expenses are detailed in each respective fund's prospectus .

Savant may effect transactions for clients in the following types of securities:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities



- Closed-end funds
- Interval Funds

#### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, the company's ability to create shareholder value (i.e., increase the value of the company's stock price), exposure to government taxation, and domestic political risk. International securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk, and liquidity risk.

#### **A.2.b. Warrants and Rights**

Warrants are securities, typically issued with preferred stock or bonds that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes valueless.

#### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund. Savant favors index and tax managed mutual funds which tend to be more tax efficient than most actively managed mutual funds.

#### **A.2.d. Exchange-Traded Funds (ETFs)**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, Powershares<sup>®</sup> and iShares<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.e. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry different risks than those of equity securities described above. These risks include the company's or the government's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign), and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank, and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.f. Municipal Securities**

Municipal securities carry different risks than those of corporate government and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.

#### **A.2.g. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.h. Closed-End Funds**

A closed-end fund is a collective investment model based on issuing a fixed number of shares which are not redeemable from the fund. Unlike open-end funds, new shares in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can be purchased and sold only on the securities exchange where it maintains a listing. In the United States, closed-end funds sold publicly must be registered under both the Securities Act of 1933 and the Investment Company Act of 1940. The major risks of a closed end fund relate to general market risk, the underlying securities in the fund portfolio, future expectations of the performance of those underlying securities, the degree to which leverage is utilized, quality of the issuer's management, the issuer's ability to meet its contractual and operating obligations, and the overall credit risk of the issuer.

#### **A.2.i. Interval Fund**

An interval fund is a type of investment company that periodically offers to repurchase its shares from shareholders. That is, the fund periodically offers to buy back a stated portion of its shares from shareholders. Shareholders are not required to accept these offers and sell their shares back to the fund. Legally, interval funds are classified as closed-end funds, but they are very different from traditional closed-end funds in that their shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on net asset value.

An interval fund will make periodic repurchase offers to its shareholders, generally every three, six, or twelve months, as disclosed in the fund's prospectus and annual report. As a result such fund may have liquidity constraints which may not be appropriate for investors with a short term investment horizon.

### **A.3. Investment Strategies**

Savant's investment committee, using proprietary research methods, has designed model portfolios ranging in risk from the Preservation Model (all fixed income) to the Capital Appreciation Plus Model (all equity) that are recommended to clients as appropriate to the client's preference, risk tolerance, and personal situation. See Item 8.A.1 above for the types of securities that are utilized in building our model portfolios.

Savant believes that the asset allocation decision is the key driver behind the variability in portfolio performance. Asset allocation is the strategic combination of asset classes, such as stocks, bonds and cash, to reap the highest long-term returns given an investor's acceptable level of risk. Savant's investment committee constructs and oversees the set of investment models which diversify the assets as much as possible given the targeted risk levels. The following is a summary of the asset classes employed to construct the model portfolios. This list of asset classes is subject to change.

- **Fixed Income.** Fixed income investments add stability and income to your portfolio while providing limited protection against extreme economic environments such as a depression or uncontrolled inflation.
  - Short-Term Bonds

- Intermediate-Term Bonds
- Inflation Indexed Bonds (TIPS)
- International Bonds
- High Yield Bonds
- Long-Term Bonds
- Municipal Bonds
- **Equity.** U.S. equities provide long-term capital growth and serve as a long-term inflation hedge. International equities also provide long-term capital growth, serve as a long-term inflation hedge, diversify currency exposure, and increasing overall portfolio diversification.
  - U.S. Large Cap
  - U.S. Large Value
  - U.S. Small Cap
  - U.S. Small Value
  - International Large Cap
  - International Large Value
  - International Small Cap
  - International Small Value
  - International Emerging Markets
- **Alternative Investments.** Alternative investments, such as global REITs and commodities, enhance overall diversification and can provide limited protection from unexpected inflation. Alternative asset classes generally have risk and return characteristics that are a hybrid of equity and fixed income characteristics.
  - U.S. Real Estate (REITs)
  - International Real Estate (REITs)
  - Commodities
  - Interval Funds
  - Managed Futures

The underlying funds selected by Savant for each of the above asset classes may, in turn, invest in a broad range of equities of any market capitalization, including large-, mid- and small-cap; and/or a broad range of fixed income securities of any credit quality or maturity, including U.S. Government and agency securities, municipal securities, corporate debt, and debt of foreign issuers including those located in emerging markets. Underlying funds may also invest in real estate, real estate investment trusts (REITs), commodities-related assets, high yield debt securities, 144a (private placement) debt, and they may engage in leveraged or derivative transactions, such as futures, options, swaps, and insurance-linked securities. Savant has no control over the investment

strategies, policies or decisions of the underlying funds' investment managers. Savant's only option would be to liquidate its clients' investments in an underlying fund in the event of dissatisfaction with the fund's manager.

## **B. Additional Methods of Analysis and Material Risks**

### **B.1. Separate Account Management Software**

Savant employs software that uses statistical sampling to track an index. This investment solution manages individual U.S. equities with two primary investment objectives: (i) match the return of the U.S. equity benchmarks (minus expenses), and (ii) create tax efficiency for the investor. There is a possibility of significant tracking error to the index if the software fails to match the index. Savant mitigates this risk by reviewing and monitoring the results and rebalancing to the index as needed.

### **B.2. Short Selling**

Savant generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales are the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

## **C. Concentration Risks**

Although Savant invests in a diversified portfolio of mutual funds, exchange traded funds, equity and fixed income securities, for clients who choose to have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, or one type of investment instrument (equities versus fixed income) they will experience greater risk and volatility in their portfolios. Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9. Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

On August 15, 2006, the Illinois Securities Department initiated an investigation and found that Savant failed to file a completed Form U-4 for one of its professionals and failed to pay the required filing fee. Savant was fined \$10,000 and charged \$1,500 for the cost of the investigation. Savant paid the total amount of \$11,500 on April 21, 2008.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

## Item 10. Other Financial Industry Activities and Affiliations

### A. Broker-Dealer or Representative Registration

Neither Savant nor its affiliates are registered broker-dealers and do not have an application to register pending.

### B. Futures or Commodity Registration

Neither Savant nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and do not have an application to register pending.

### C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

#### C.1. Wholly owned subsidiary

Savant GPS, LLC dba Savant Tax & Consulting ("STC") is a wholly owned subsidiary of Savant which provides accounting, tax and payroll services to its clients. The principals of STC and the employees providing these services are employees of Savant and leased to STC. Savant and STC have clients in common. Additionally, Savant may recommend STC's services to their advisory clients and STC may recommend Savant's services to their accounting, tax or payroll clients. The recommendation by a Savant representative that a client engage Savant Tax & Consulting presents a *conflict of interest*. No client is under any obligation to engage Savant Tax & Consulting for accounting-related services. Clients are reminded that they may obtain such services from non-affiliated providers.

#### C.2. Trade Group

Savant is a member, along with several other registered investment advisers, of the Zero Alpha Group, LLC ("ZAG"). Brent R. Brodeski, Chief Executive Officer of Savant, is a co-founder and past president of ZAG. ZAG members share a common investment philosophy based on the principles of *modern portfolio theory*, which emphasizes passive investment strategy. ZAG members are geographically diverse, and they meet periodically to share investment information, strategic and marketing plans, and research related to passive investment management. ZAG members also may negotiate with mutual fund companies and broker-dealers to obtain lower cost investment products or services on behalf of their clients.

In limited circumstances, mutual fund sponsors may underwrite educational meetings for ZAG member firms (meetings which are attended exclusively by ZAG members and their employees). There is no corresponding commitment made by any member to invest any specific amount in any sponsor's funds. Nevertheless, such contribution may present the potential for a conflict of interest.

### **C.3. Sub-Adviser Services Provided by Third Parties**

#### **C.3.a. BAM Advisor Services, LLC**

Savant has contracted with BAM Advisor Services, LLC ("BAM") for sub-advisory services with respect to certain clients' fixed-income accounts. BAM provides fixed-income portfolio construction, trade processing, collection of management fees, record maintenance, report preparation, marketing assistance and research.

#### **C.3.b. Eaton Vance Management**

Savant has contracted with Eaton Vance, one of the nation's oldest investment management firms, for sub-advisory services. Eaton Vance has been engaged to provide services for certain clients' fixed-income accounts, primarily for the purpose of constructing Separately Managed Corporate Bond Ladders.

### **C.4. Sub-Adviser Services Provided by Savant**

#### **C.4.a. Wealth Financial Advisory Services, LLC**

Wealth Financial Advisory Services, LLC ("WFAS"), an Illinois limited liability company, is a Registered Investment Advisor. Savant has entered into an agreement with WFAS to provide sub-advisory investment services to WFAS. Savant does not refer clients to WFAS and has no economic interest other than the fees that Savant receives for the services provided. The fees that Savant receives are governed by the sub-advisory agreement between Wealth Financial Advisory Services, LLC and Savant.

Additionally, Savant has contracted with WFAS to provide Benefit Plan Advisory Services to WFAS's benefit plan clients.

Savant will be retained by the referred client as a 3(38) Fiduciary (a discretionary advisor under ERISA Section 3(38)) with full authority over investment decisions within the plan including the selection, monitoring, and replacement of investment options. In addition, Savant will act as a 3(16) Fiduciary and Plan Administrator for duties as described under ERISA Section 3(16) or as identified in the client contract. WFAS will be retained as a Limited Scope 3(21) Fiduciary to the client, recommending the investment advisor, serving in a co-fiduciary capacity, sharing non-discretionary authority over the investment decisions and assisting with the monitoring and maintenance of the investment menu, as well as the education efforts of the Participants, within the scope of ERISA Section 3(21). Fees for this arrangement are governed by the sub-advisory agreement between WFAS and Savant.

WFAS and Savant are not affiliated and although the client's Investment Advisory Agreement covers the services of both Advisers, the client pays one fee that is shared between WFAS and Savant. Although Savant and WFAS strive to put their respective clients' interests first, there is an economic incentive for WFAS to engage sub-advisers, such as Savant, who agree to a lower portion of the overall client fee than other similarly situated sub-advisers. The client is not



obligated to utilize the services of Savant and may choose any adviser they desire, whether or not recommended by WFAS.

**C.4.b. Foster Group, Inc.**

Savant has contracted with Foster Group, Inc. ("Foster"), an Iowa corporation and a Registered Investment Advisor, to provide Benefit Plan Advisory Services to Foster's benefit plan clients.

Savant will be retained by the referred client as a 3(38) Fiduciary (a discretionary advisor under ERISA Section 3(38)) with full authority over investment decisions within the plan including the selection, monitoring, and replacement of investment options. In addition, Savant will act as a 3(16) Fiduciary and Plan Administrator for duties as described under ERISA Section 3(16) or as identified in the client contract. Foster will be retained as a Limited Scope 3(21) Fiduciary to the client, recommending the investment advisor, serving in a co-fiduciary capacity, sharing non-discretionary authority over the investment decisions and assisting with the monitoring and maintenance of the investment menu, as well as the education efforts of the Participants, within the scope of ERISA Section 3(21). Fees for this arrangement are governed by the sub-advisory agreement between Foster and Savant.

Foster and Savant are not affiliated and although the client's Investment Advisory Agreement covers the services of both Advisers, the client pays one fee that is shared between Foster and Savant. Although Savant and Foster strive to put their respective clients' interests first, there is an economic incentive for Foster to engage sub-advisers, such as Savant, who agree to a lower portion of the overall client fee than other similarly situated sub-advisers. The client is not obligated to utilize the services of Savant and may choose any adviser they desire, whether or not recommended by Foster.

**C.4.c. Carson Wealth Management, LLC.**

Savant has contracted with Carson Wealth Management, LLC. ("Carson"), an Nebraska corporation and a Registered Investment Advisor, to provide Benefit Plan Advisory Services to Carson's benefit plan clients.

Savant will be retained by the referred client as a 3(38) Fiduciary (a discretionary advisor under ERISA Section 3(38)) with full authority over investment decisions within the plan including the selection, monitoring, and replacement of investment options. In addition, Savant will act as a 3(16) Fiduciary and Plan Administrator for duties as described under ERISA Section 3(16) or as identified in the client contract. Carson will be retained as a Limited Scope 3(21) Fiduciary to the client, recommending the investment advisor, serving in a co-fiduciary capacity, sharing non-discretionary authority over the investment decisions and assisting with the monitoring and maintenance of the investment menu, as well as the education efforts of the Participants, within the scope of ERISA Section 3(21). Fees for this arrangement are governed by the sub-advisory agreement between Carson and Savant.

Carson and Savant are not affiliated and although the client's Investment Advisory Agreement covers the services of both Advisers, the client pays one fee that is shared between Carson and Savant. Although Savant and Carson strive to put their respective clients' interests first, there is an economic incentive for Carson to engage sub-advisers, such as Savant, who agree to a

lower portion of the overall client fee than other similarly situated sub-advisers. The client is not obligated to utilize the services of Savant and may choose any adviser they desire, whether or not recommended by Carson.

#### **C.4.d. Sunflower Bank NA**

Savant has contracted with Sunflower Bank NA ("Sunflower"), a duly registered Investment Advisor, to provide Benefit Plan Advisory Services to Sunflower's benefit plan clients.

Savant will be retained by the referred client as a 3(38) Fiduciary (a discretionary advisor under ERISA Section 3(38)) with full authority over investment decisions within the plan including the selection, monitoring, and replacement of investment options. In addition, Savant will act as a 3(16) Fiduciary and Plan Administrator for duties as described under ERISA Section 3(16) or as identified in the client contract. Sunflower will be retained as a Limited Scope 3(21) Fiduciary to the client, recommending the investment advisor, serving in a co-fiduciary capacity, sharing non-discretionary authority over the investment decisions and assisting with the monitoring and maintenance of the investment menu, as well as the education efforts of the Participants, within the scope of ERISA Section 3(21). Fees for this arrangement are governed by the sub-advisory agreement between Sunflower and Savant.

Sunflower and Savant are not affiliated and although the client's Investment Advisory Agreement covers the services of both Advisers, the client pays one fee that is shared between Sunflower and Savant. Although Savant and Sunflower strive to put their respective clients' interests first, there is an economic incentive for Sunflower to engage sub-advisers, such as Savant, who agree to a lower portion of the overall client fee than other similarly situated sub-advisers. The client is not obligated to utilize the services of Savant and may choose any adviser they desire, whether or not recommended by Sunflower.

### **C.5. Trust, Estate, and Tax Preparation Services**

#### **C.5.a. Savant Private Trust, Trust Representative Office of National Advisors Trust Company, FSB**

National Advisors Trust Company, FSB, ("NATC") a national trust company, was created to support the fiduciary needs of clients who, through their estate planning efforts, prefer to continue to maintain their relationship with their financial advisory firm. National Advisors Trust is a wholly owned subsidiary of National Advisors Holdings, Inc. ("NAH"). Savant and approximately 120 other advisory firms located in over 40 states own equity interests in NAH. Savant holds a less than 1% interest. This interest allows shareholders to create a private label trust solution offered through National Advisors Trust. The mission of National Advisors Trust is to support the delivery of trust and custody services to the clients of its shareholders. To support this endeavor Savant created Savant Private Trust, a Trust Representative Office of National Advisors Trust.

Savant may recommend Savant Private Trust, to its advisory clients seeking trust services. The grantor in a trust agreement would name Savant as the investment manager with discretion to

manage the trust estate, and the agreement would also provide that Savant Private Trust, TRO of National Advisors Trust, discharge the administrative, distribution and custodial responsibilities of the trust. Savant, as a shareholder of National Advisors Trust, may benefit by realizing a profit in the form of dividends or corporate distributions from National Advisors Trust, in addition to any investment advisory fees paid under the trust agreement.

#### **C.5.b. State Bank of Freeport**

Foresight Financial Group, Inc. ("FFG"), is a publicly traded, registered multi-bank holding company and the parent company of State Bank, an Illinois banking corporation. Certain principals of Savant are individual equity owners of a small percentage of the outstanding shares of FFG.

Savant and State Bank have entered into an agreement pursuant to which Savant may recommend State Bank to their clients for trust or estate services. Savant has an economic interest to refer clients to State Bank as Savant will receive a percentage of the fee State Bank charges the referred client for the trust or estate services provided.

#### **C.6. Professional Services Referrals**

Occasionally, Savant may refer clients to other professionals for a variety of services such as accounting, tax, legal or insurance brokerage. Clients, however, are under no obligation to purchase any products through these professionals or to purchase any products recommended by these professionals. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Adviser. 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.

Savant may have a conflict of interest in making these recommendations because it may receive referrals from professionals it has recommended to clients. In instances where the referred professional is also a client of Savant, it may appear that Savant has an economic incentive for the referral. Savant will refer other professionals to its clients only when we believe the services provided by the professional best suit the client's needs.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

#### **D.1. State Bank Sub-Advisor Relationship**

Foresight Financial Group, Inc. ("FFG"), is a publicly traded, registered multi-bank holding company and the parent company of State Bank, an Illinois banking corporation. Certain principals of Savant are individual equity owners of a small percentage of the outstanding shares of FFG.

Savant and FFG have entered into an agreement pursuant to which Savant may recommend to its clients State Bank's trust, custodial, and other banking services, and where State Bank

employs Savant as a sub-adviser for trust accounts that State Bank has investment management responsibility. Savant has an economic interest to refer clients to State Bank for State Bank's trust, custodial, and other banking services because Savant is paid for Investment Management services. Compensation arrangements for sub-advisor services vary depending on whether or not Savant referred the client to State Bank and the ongoing involvement that Savant has in the relationship.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Savant has adopted policies and procedures designed to detect and prevent insider trading. In addition, Savant has adopted a Code of Ethics (the "Code"). The Code includes written procedures governing the conduct of Savant's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of Savant. Savant will send clients a copy of its Code of Ethics upon written request.

Savant has policies and procedures in place to ensure that the interests of its clients are given preference over those of Savant, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Savant does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Savant does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Savant, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Savant specifically prohibits. Savant has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Savant's procedures when purchasing or selling the same securities purchased or sold for the client.

**D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Savant, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or affected for other Savant clients. Savant will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee, or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Savant to place the clients' interests above those of Savant and its employees.

## Item 12. Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Savant participates in the institutional customer programs offered by the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") member FINRA/SIPC; TD Ameritrade Institutional ("TDA"), a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC; and Fidelity Institutional Wealth Services ("Fidelity") member FINRA/SIPC (hereinafter collectively referred to as "custodians"). The custodians are all independent, unaffiliated SEC-registered broker-dealers. Through these programs, the custodians offer various services to independent investment advisors, including custody of securities, trade execution, and clearance and settlement of transactions. Savant and Savant clients receive some benefits from the custodians through Savant's participation in these programs. (Please see the disclosure under Item 14 of this brochure).

In certain instances and subject to approval by Savant, Savant will recommend to clients certain other broker-dealers and/or custodians, including National Advisors Trust Company ("NATC"), based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. These differences are disclosed to advisory clients.

##### A.1.a. How We Select Brokers/Custodians to Recommend

Savant seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services

- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

**A.1.b. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. For some accounts, the custodian may charge a percentage of the dollar amount of assets in the account in lieu of commissions. The custodian's commission rates and asset-based fees applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates and asset-based fees paid are lower than they would be if the firm had not made the commitment. In addition to commissions or asset-based fees, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

**A.1.c. Soft Dollar Arrangements**

Savant does not utilize soft dollar arrangements. Savant does not direct brokerage transactions to executing brokers for research and brokerage services.

**A.1.d. Institutional Trading and Custody Services**

The custodians provide Savant with access to their institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. These services are not contingent upon Savant committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Savant investment advisory clients generally pay the custodian a flat fee for custody services and some trading costs. The custodian may also be compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into the custodian's accounts. Depending on the



size of a client account and the actual amount of trading effected, clients who pay the flat fee may be paying more than they would otherwise pay for the same amount of trading if charged a transaction-based or asset-based fee. Savant provides guidance so that client costs may be minimized.

#### **A.1.e. Other Products and Services**

The custodians also make available to Savant other products and services that benefit Savant but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Savant's accounts, including accounts not maintained at the custodian. The custodian may also make available to Savant software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Savant's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Savant manage and further develop its business enterprise. These services may include:

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Savant personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Savant may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **A.1.f. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Savant. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Savant.

#### **A.1.g. Additional Compensation Received from Custodians**

Savant may participate in institutional customer programs sponsored by broker-dealers or custodians. Savant may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Savant's participation in such

programs and the investment advice it gives to its clients, although Savant receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Savant 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
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Savant by third-party vendors

The custodian may also pay for business consulting and professional services received by Savant's related persons, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for Savant's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Savant but may not benefit its client accounts. These products or services may assist Savant in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Savant manage and further develop its business enterprise. The benefits received by Savant or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Savant also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Savant to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Savant will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Savant's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Savant's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Savant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Savant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Savant's recommendation of broker-dealers such for custody and brokerage services.

**A.1.h. The Firm's Interest in Schwab's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. These services are not contingent upon the firm committing any specific amount of business to the custodian in trading commissions or assets in custody. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm. By committing to maintaining a minimum number of clients, Savant is able to provide a preferential negotiated fee schedule not available to Schwab retail customers.

**A.2. Brokerage for Client Referrals**

Savant does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

**A.3. Directed Brokerage****A.3.a. Savant Recommendations**

Savant typically recommends TDA, Schwab, or Fidelity as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

**A.3.b. Client-Directed Brokerage**

Savant 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 Savant 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 Savant. As a result, a 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 Savant 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 Savant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts

will generally be executed following the execution of portfolio transactions for non-directed accounts

## **B. Trading Practices**

### **B.1. Best Execution**

Savant may recommend that clients establish brokerage accounts with a qualified custodian to maintain custody of clients' assets and to effect trades for their accounts. Such accounts will be prime broker eligible so that if and when the need arises to effect securities transactions at broker-dealers ("executing brokers") other than with the client's custodian, such custodian will accept delivery or deliver the applicable security from/to the executing broker. The custodian charges a "trade away" fee (trade effected at another broker), which is charged against the client account for each trade away occurrence. Other custodians have their own policies concerning prime broker accounts and trade away fees. Clients should consult their current custodian for policies and fees or they can always ask their Savant advisor for a description of costs.

Savant, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, the executing broker, and the commission rates to be paid to effect such transactions. Savant recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Savant will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation, and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any) or zero on mutual funds
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance, and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Savant seeks to ensure that clients receive best execution with respect to their client's transactions by blocking client trades to reduce commissions and transaction costs. To the best of Savant's knowledge, these custodians

provide high-quality mutual fund execution, and Savant's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Savant believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Savant may be managing accounts with similar investment objectives, Savant may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Savant in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Savant's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Savant will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Savant's advice to certain clients and entities and the action of Savant for those and other clients are frequently premised not only on the merits of a particular investment but also on the suitability of that investment for the particular client in light of his or her applicable investment objectives, guidelines, and circumstances. Thus, any action of Savant with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Savant to or on behalf of other clients.

## **B.3. Trading Frequency**

Savant typically executes portfolio transactions on a daily basis, regardless of the type of transaction (withdrawals, allocation changes, rebalancing, or general trading). The occurrence of additional trading depends on the client's selection of custodian, the size and timing of client deposits, and other factors Savant deems important. As a result, clients may incur a delay from the time that cash is deposited and the time that their funds are invested.

## **B.4. Order Aggregation**

Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Savant believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.5. Allocation of Trades**

If trade allocations are required they will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Savant acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Savant determines that such arrangements are no longer in the best interest of its clients.

#### **B.6. Trading Errors**

In the event of a trading error, and if the error is the responsibility of Savant, the client transaction(s) will be analyzed and corrected. Savant will reimburse the client for losses resulting from correcting the error. The custodian may determine how reimbursement for any loss is handled. Savant will also reimburse the client for expenses incurred by the client as a result of the error (i.e., wire transfer fee, overdraft charge).

If the error results in a gain, Savant will determine the solution that is in the best interests of the client. The treatment of any gains resulting from error corrections is dependent on which custodian is processing the trade. For Schwab accounts, any gain generated in the correction of a trade error is retained by Schwab and donated to charity.

Trading error corrections occurring in TD Ameritrade accounts are processed through Savant's Errors and Omissions account. Gains will be netted against losses until such time that the net gain exceeds \$100. At that time the net gain will be dispersed to Savant's Donor Advised Fund and donated to a charity selected by Savant.

Fidelity trade error corrections are processed through Savant's Errors and Omissions account at Fidelity. Gains will be netted against losses each month and if the result is a net gain, the net gain will be dispersed to Savant's Donor Advised Fund and donated to a charity selected by Savant.

Savant's Chief Compliance Officer, Cindy A. Freese, CPA, IACCP, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any the corresponding conflict of interest such arrangements may create.

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## Item 13. Review of Accounts

### A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Savant, at its discretion, may prepare a customized written investment policy statement ("IPS") for the client. Each client account is reviewed periodically, as clients request, or as specified in the client's IPS. Reviews include an inspection of portfolio holdings, change in account values, and actual allocation of the account as compared to the recommended allocation. Reviews may be conducted by any of Savant's financial advisors.

#### **Quarterly**

The investment research team will review at least quarterly:

- Compliance of portfolios with investment policy and philosophy
- Performance of funds in models relative to benchmarks
- Performance of funds vs. peer groups
- Qualitative and quantitative factors described in *Savant Investment Policy Manual - Fund Selection Process*, including a fiduciary review

The investment research team will present to the investment committee a quarterly "Fiduciary Review," which will include details regarding the risk/return and investment expense profiles for the preceding 90-day period.

A designated representative of the investment research team will report to the investment committee at least quarterly or as deemed necessary. The report will encompass the qualifications and status of the current custodians, internal trading process, internal transfer process, and state of the portfolio accounting system.

#### **Annually**

The investment research team will review at least annually:

- Investment management companies that manage funds in the portfolio
- Proxy-voting policy at Savant and investment management companies
- The mix of assets
- The investment universe to ensure the best funds that meet Savant's selection criteria are utilized in portfolio construction

No Savant employee is permitted to modify the investment program except as provided by investment committee resolutions.

**B. Review of Client Accounts on Non-Periodic Basis**

Savant may perform *ad hoc* reviews on an as-needed basis if there have been material changes in the client's investment objectives, risk tolerance, at client's request, or if there has been a material change in how Savant formulates investment advice.

**C. Content of Client-Provided Reports and Frequency**

Savant typically provides written reports to clients on a quarterly basis. These reports include

- changes in market values
- current and historical time-weighted performance statistics
- comparison to an appropriate benchmark index
- disclosure of all fees billed to the client's account by Savant

The client's independent custodian provides regular account statements directly to the client. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Savant. Clients are encouraged to cross reference security holdings as shown on Savant reports with the custodian's statement for the same period.



## Item 14. Client Referrals and Other Compensation

### A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

#### A.1. Other Products and Services

The custodians also make available to Savant other products and services that benefit Savant but may not directly benefit all of Savant's clients' accounts. Many of these products and services may be used to service all or some substantial number of Savant's accounts, including accounts not maintained at such custodians. Some of these other products and services assist Savant in managing and administering clients' accounts. These include software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- provide research, securities pricing information, and other market data
- facilitate payment of Savant's fees from its clients' accounts
- assist with back-office functions, recordkeeping, and client reporting

Many of these services may generally be used to service all or a substantial number of Savant's accounts, including accounts not maintained at such custodians. These custodians also make available to Savant other services intended to help Savant manage and further develop its business enterprise and client relationships. These services may include

- consulting
- publications and conferences on practice management
- information technology
- business succession
- regulatory compliance
- marketing

#### A.2. Independent Third Parties

The custodians may make available, arrange, and/or pay for these types of services rendered to Savant by independent third parties. These custodians may discount or waive fees they would otherwise charge for some of these services, or pay all or a part of the fees of a third party providing these services to Savant. As a fiduciary, Savant endeavors to act in its clients' best interests. Savant's recommendation that clients maintain their assets in accounts at one of these custodians may be based in part on the benefit to Savant of the availability of some of the foregoing products and services, and not solely on the nature, cost, or quality of custody and brokerage services provided by these various custodians, which may create a potential conflict of interest.

**A.3. Additional Compensation Received from Custodians**

As described in Items 12 of this brochure, Savant participates in institutional customer programs sponsored by TDA, Schwab, and Fidelity. Savant may recommend these brokers to clients for custody and brokerage services. There is no direct link between Savant's participation in such programs and the investment advice it gives to its clients, although Savant receives economic benefits through its participation in the programs that are typically not available to retail investors or other institutional advisors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Savant clients
- 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 which may result in lower client expenses
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Savant by third-party vendors

TDA, Schwab, and Fidelity may also pay for business consulting and professional services received by Savant's related persons, and may pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses for Savant's personnel to attend conferences). Some of the products and services made available by these entities through their institutional customer programs may benefit Savant but may not benefit all or any of its client accounts. These products or services may assist Savant in managing and administering client accounts, including accounts not maintained at TDA, Schwab, or Fidelity as applicable. Other services made available through the programs are intended to help Savant manage and further develop its business enterprise and client relationships. The benefits received by Savant or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Savant also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, including Schwab and Fidelity, and its continued participation may require Savant to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Savant will typically receive benefits similar to those listed above, including research, payments for business consulting, and professional services received by Savant's related persons, and reimbursement of expenses (including travel, lodging, meals, and entertainment expenses for Savant's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Savant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Savant or its related persons in and of itself creates a potential conflict of interest and may or may not, directly or indirectly, influence Savant's recommendation of broker-dealers such as TDA, Schwab, and Fidelity for custody and brokerage services.

#### **A.4. Additional Services from TDA**

Savant also receives from TDA certain additional economic benefits ("additional services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the additional services include payments for annual fees for Advent Axys, Morningstar Direct, Morningstar By All Accounts and Advicent Solutions NaviPlan. TDA provides the additional services to Savant in its sole discretion and at its own expense, and Savant does not pay any fees to TDA for the additional services. Savant and TDA have entered into a separate agreement (Additional Services Addendum) to govern the terms of the provision of the additional services.

Savant's receipt of additional services raises potential conflicts of interest. In providing additional services or pricing of services to Savant, TDA most likely considers the amount and profitability to TDA of the assets in, and trades placed for, Savant's client accounts maintained with TDA. Both Savant and TDA have the right to terminate the Additional Services Addendum with Savant at their own individual discretion, provided certain conditions are met. Consequently, in order to continue to obtain the additional services from TDA, Savant may have an incentive to recommend to its clients that the assets under management by Savant be held in custody with TDA and to place transactions for client accounts with TDA. Savant's receipt of additional services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

#### **A.5. Client Benefit from TD Ameritrade - iRebal**

In addition to the above, TDA waives its licensing fees for the iRebal Software, a research tool offered by TDA and used by Savant, to the extent that Savant maintains at least \$750 million of client assets at TDA. As a result, Savant has incentive to continue recommending TDA to its clients. Savant presently holds over \$1BB in client assets with TDA, well in excess of the minimum required.

Savant considers a number of factors in recommending brokers and custodians to clients including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TDA as one of the broker-dealers and custodians for certain of its client accounts, Savant takes into consideration its arrangement with TDA to obtain TDA's automatic portfolio rebalancing service for advisors known as "iRebal" at no charge, due to this arrangement with TDA.

The standard iRebal annual license fee applicable to Savant is \$50,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of clients' taxable assets are either already on the TDA platform or are committed to be placed on it. Specified taxable

client assets either maintained on or committed to the TDA platform will bring fee reductions of up to \$50,000 per year.

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 Savant does not maintain the relevant level of taxable assets on the TDA platform, Savant may be required to make a fee payment to TDA calculated on the basis of the shortfall.

Although Savant believes that the products and services offered by TDA are competitive in the marketplace for similar services offered by other broker-dealers or custodians, the arrangement with TDA as to the iRebal service may affect Savant’s independent judgment in selecting or maintaining TDA as the broker or custodian for client accounts.

#### **A.6. Client Benefit – Centre for Fiduciary Excellence (CEFEX)**

CEFEX has provided Savant with a purchase credit of \$1,500 (indefinitely) against the annual renewal fee for their Steward CEFEX certification in consideration for Savant creating a brochure detailing the benefits of being a CEFEX certified Steward. Savant and CEFEX are not affiliated entities and this is not a referral relationship. Savant will not receive further compensation in regard to any other companies who might decide to pursue CEFEX certification as a result of our brochure and the purchase credit received is not dependent on Savant referring a certain number of companies for certification.

#### **A.7. Conflict of Interest – TD Ameritrade – Operations Panel**

Lora Stevens McKee, Client Services Supervisor – Satellites, serves on the TD Ameritrade Institutional Operations Panel (“Panel”) as a representative of Savant. Lora’s term expires on February 28, 2018. The Panel consists of approximately 30 investment advisors, or their representatives (“panel member”), that advise TD Ameritrade Institutional (“TDA Institutional”) on issues relevant to the independent advisor and their experience with TD Ameritrade’s service, technology and products. The Panel meets in person periodically throughout the year and conducts periodic conference calls on an as-needed basis. Panel members are appointed to serve on the Panel for a three year term by TDA Institutional sales, service and senior management after which they are conferred alumni status. A panel member may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. (“TD Ameritrade”) does not compensate Panel members. However, TD Ameritrade pays or reimburses Savant for the travel, lodging and meal expenses Savant incurs in attending Panel meetings. The benefits received by Savant or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic or reimbursement benefits by Savant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Savant’s recommendation of TD Ameritrade for custody and brokerage services.

**A.8. Conflict of Interest – TD Ameritrade – Advisor Panel**

Brent Brodeski, CEO, serves on the TD Ameritrade Institutional Advisor Panel ("Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. Brent's current term expires on December 31, 2017. At times, Panel members are provided confidential information about TDA Institutional initiatives. Therefore, Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses Panel members for the travel, lodging and meal expenses they incur in attending Panel meetings. The benefits received by Savant or its personnel by serving on the Panel 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 Savant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Savant's recommendation of TD Ameritrade for custody and brokerage services.

**A.9. Conflict of Interest – The Vanguard Group, Inc. – RIA Council Forum**

Brent Brodeski, CEO, serves on The Vanguard Group, Inc.'s ("Vanguard") RIA Council Forum ("Forum"). The Forum consists of Registered Investment Advisors that have been selected and approved by Vanguard to participate in the Forum. The Forum meets in person two times per year. Investment advisors are appointed to serve on the Forum for eighteen month terms by Vanguard. Brent's current term expires on February 25, 2018. At times, Forum members may be provided with confidential information about Vanguard's or other Forum member's initiatives. Therefore, Forum members are required to sign confidentiality agreements. Vanguard does not compensate Forum members. However, Vanguard may reimburse Forum members for the travel, lodging and meal expenses they incur in attending Forum meetings. The benefits received by Savant or its personnel by serving on the Forum do not depend on the amount of brokerage transactions directed to Vanguard. Clients should be aware, however, that the receipt of economic benefits by Savant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Savant's use of Vanguard's Mutual Funds in their Model offerings. .

**A.10. Conflict of Interest – PIMCO – RIA Advisory Board**

Gina Beall, Lead Investment Research Analyst, serves on the Pacific Investment Management Company, LLC ("PIMCO"), RIA Advisory Board ("Board"). The Board consists of Registered Investment Advisors that have been selected and approved by PIMCO to participate in the Board. The Board meets in person once a year. Investment advisors are appointed to serve on the Board for three year terms by PIMCO. Gina's current term expires on October 26, 2019. At times, Board members may be provided with confidential information about PIMCO's or other Board member's initiatives. Therefore, Board members are required to sign confidentiality

agreements. PIMCO does not compensate Board members. However, PIMCO may reimburse Board members for the travel, lodging and meal expenses they incur in attending Board meetings. The benefits received by Savant or its personnel by serving on the Board do not depend on whether Savant utilizes any PIMCO funds in their models. Clients should be aware, however, that the receipt of economic benefits by Savant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Savant's use of PIMCO's Funds in their Model offerings.

#### **A.11. Conflict of Interest – Charles Schwab (“Schwab”) – Donation Award**

Savant was selected by Schwab as the recipient of the 2015 Best-in-Business IMPACT Award™, part of Schwab's annual IMPACT Awards® program which recognizes excellence in the business of independent financial advice. The award included a \$15,000 donation to a charity designated by Savant. In honor of Savant's 30<sup>th</sup> anniversary in 2016, Savant matched the donation, dollar-for-dollar, for a total of \$30,000 to be contributed back to 12 Rockford area non-profits, starting in January 2016.

*Please note: Savant Capital Management and its employees are independent of and are not employees or agents of Charles Schwab & Co., Inc. (“Schwab”). Schwab does not prepare, verify or endorse information distributed by Savant Capital Management. The Best-in-Business IMPACT Award™ is not an endorsement, testimonial endorsement, recommendation or referral to Savant Capital Management with respect to its investment advisory and other services.*

#### **A.12. Client Benefit from Schwab - Survey**

Schwab has agreed to cover the cost quoted by Adviser Impact to perform the 2017 Client Opinion Survey for Savant. Savant typically performs a survey on a semi-annual basis to gather information from its client base regarding our services, the client's satisfaction with our service and offerings, and to inquire as to what other services clients would like us to provide or that would be of benefit to them.

This client benefit is being provided to Savant with **no expectation** that Savant will direct additional assets under management (“AUM”) to Schwab. Savant's receipt of these additional services raises a potential conflict of interest as it may be perceived that Schwab was recommended as the custodian of choice for the client because of this agreement rather than in the client's best interests. However, Savant strives to always act in the client's best interest and the receipt of this benefit does not compromise our client's interests.

#### **A.13. Conflict of Interest – MedCentric Financial Network**

Savant entered into an agreement with MedCentric Financial Network to accept referrals of eligible doctors from MedCentric's network for financial planning services. Although MedCentric covers part of the cost for financial planning services on the doctors' behalf, the doctor is under no obligation to engage Savant for financial planning or any other services. Savant does not pay MedCentric a referral fee.



## **B. Advisory Firm Payments for Client Referrals**

### **B.1. Solicitor Arrangements**

Savant may enter into agreements with solicitors who will refer prospective advisory clients to Savant in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Savant. The solicitor must provide each client with a disclosure document describing the fees the solicitor receives from Savant, whether those fees represent an increase in fees that Savant would otherwise charge the client, and whether an affiliation exists between Savant and the solicitor.

### **B.2. TD Ameritrade AdvisorDirect Program**

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

Savant's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. In order to obtain client referrals from TD Ameritrade, Savant may have an incentive to recommend to clients that the assets under management by Savant be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Savant has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when

its fiduciary duties require doing so. Savant's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **B.3. Paid Advertising for Client Referrals**

Many of the professionals at our firm are profiled in on-line registries. Investors use these registry online services to learn about financial advisors, how to avoid bad financial advice, how to select quality advisors, to search for financial advisors, and to view advisor documentation. Some registries match our financial professionals to investors who use the registry's Custom Search services and its documentation to review our professional's credentials, ethics, business practices, and financial services. Our professionals may pay fixed monthly dues or a fee to be profiled in the registry and/or receive referrals. Some registries use the dues to provide free information and search services to investors. Other sites are considered paid advertising. Inclusion in a registry is not indicative of an endorsement of Savant or our Advisor(s) by the registry sponsor.

Savant's Chief Compliance Officer, Cindy A. Freese, CPA, IACCP, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any the corresponding conflict of interest such arrangements may create.



## Item 15. Custody

Client assets are held by qualified custodians. Savant has custody of client assets due to deducting fees directly from the client's account, employees who act as a trustee or executor for client accounts, by Savant being able to access client accounts using client credentials on custodial or employer websites (in order to manage the client's retirement account), by forwarding checks to custodians on behalf of our clients, for facilitating withdrawals to 3<sup>rd</sup> Party recipients (including wire transfers) or for payroll, check writing and ACH services provided to clients we have in common with our affiliate, Savant Tax & Consulting.

Because Savant has custody of client assets, Savant has engaged an outside accounting firm to perform an annual Surprise Audit of the related accounts as required by the Adviser's Act.

The client's independent custodian provides regular account statements directly to the client on at least a quarterly basis containing a description of all activity, cash balances and portfolio holdings in the client's account. Clients are encouraged to cross reference security holdings and account balances as shown on Savant reports with the custodian's statement for the same period.

All management fees collected by Savant directly from client accounts are disclosed in the client's quarterly statement. Any discrepancies noted should be brought to the Savant's attention promptly. The custodian's statement is the official record of the account.

## **Item 16. Investment Discretion**

Clients may grant a limited power of attorney to Savant with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Savant will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount, if any, of commissions to be paid, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17. Voting Client Securities

Unless the client requests otherwise, Savant will be responsible for voting proxies relating to the client's portfolio securities at no additional charge. Savant may vote proxies directly, or may utilize an independent third-party service provider to review proxy solicitations, make voting determinations, and actually vote proxies on behalf of Savant's clients. In case of a conflict between the interests of the client and the service provider, Savant's investment committee will typically decide on how to vote the proxy. In the alternative, Savant may request guidance from the client on how to vote the particular proxy.

Savant owes certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care which is required to monitor corporate events and to vote the proxies, and (ii) the duty of loyalty which is required to vote proxies in a manner consistent with the best interests of the client and to put the client's interests before its own interests. In keeping with its fiduciary duties, Savant has adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that Savant votes each client's securities in the best interests of the client.

Savant will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. Savant will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact Savant's CCO for information about how Savant voted with respect to any of the securities held in their account.

Except as required by applicable law, Savant will not be obligated to render advice or take any action on behalf of the client with respect to assets presently or formerly held in the client's account which become the subject of any legal proceedings, including bankruptcies.

As a general rule, Savant will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with Savant's Proxy Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, Savant may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel. Savant has contracted with Broadridge Investor Communications, Inc., for proxy voting services. Broadridge utilizes research recommendations from Glass, Lewis & Co.

A copy of Savant's proxy voting policy (including the Glass, Lewis guidelines) is available upon request without charge. A report of how proxies relating to the securities held in a client's account during the prior year were voted is available upon written request to:

Ms. Cindy Freese, CPA, IACCP<sup>®</sup>,  
Chief Compliance Officer  
Savant Capital Management  
190 Buckley Drive  
Rockford, IL 61107

## **Item 18. Financial Disclosures**

### **A. Balance Sheet**

Savant does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Savant does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.

**ANY QUESTIONS: Savant's Chief Compliance Officer, Cindy A. Freese, CPA, IACCP<sup>®</sup>, remains available to address any questions regarding this Part 2A Brochure.**