

# Disclosure Brochure

December 26, 2017

## **Roehl & Yi Investment Advisors, LLC**

*a Registered Investment Adviser*

This brochure provides information about the qualifications and business practices of Roehl & Yi Investment Advisors, LLC (hereinafter "Roehl & Yi" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Roehl & Yi is a SEC registered investment adviser. Registration does not imply any level of skill or training.

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## **Item 2. Material Changes**

In this Item, Roehl & Yi is required to discuss any material changes that have been made to the brochure since the last annual amendment filed on March 29, 2017. The Firm has amended various sections throughout the brochure to reflect changes to the Schwab Institutional Intelligent Portfolios® program. The Firm has also amended Item 17 to reflect revisions to its proxy voting policies.

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## Item 4. Advisory Business

Roehl & Yi Investment Advisors, LLC, principally owned by Thomas H. Roehl and Jayman F. Yi, is a wealth management firm that has been serving its clients since 1998. The Firm's wealth management services include financial planning and investment management. Based on the fundamental values of teamwork, integrity, stability and professionalism, the Firm believes its clients are entitled to personal attention and the best possible counsel from investment professionals who take pride in the quality of their work. As of November 30, 2017, Roehl & Yi had \$352,679,965 assets under management, all of which was managed on a discretionary basis, provided various consulting services to qualified retirement plans and their fiduciaries with respect to plans having an aggregate value of \$853,529,441 as of September 30, 2017, consulted on another \$1,280,000 in non-qualified deferred compensation as of September 30, 2017, and had another \$97,232,968 of assets under advisement as of September 30, 2017.

Prior to rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Roehl & Yi setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

While this brochure generally describes the business of Roehl & Yi, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Roehl & Yi's behalf and is subject to the Firm's supervision or control.

### Financial Planning Services

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Roehl & Yi offers clients a range of financial planning services, which may include any or all of the following functions:

- Investment Consulting
- Retirement Planning
- Estate Planning
- Charitable Giving
- Education Planning
- Asset Allocation
- Retirement Plan Analysis
- Distribution Planning
- Insurance Needs Analysis
- Family Legacy Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a wealth management engagement (as described below). In performing these services, Roehl & Yi is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

Roehl & Yi may recommend the services of itself, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Roehl & Yi or its supervised persons to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Roehl & Yi under a financial planning engagement or to engage the services of any such recommended professionals, including Roehl & Yi itself or its supervised persons. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Roehl & Yi's previous recommendations and/or services.

### **Retirement Plan Consulting Services**

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Roehl & Yi provides various consulting services to qualified retirement plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Investment Management and Review
- Plan Fee and Cost Analysis
- Retirement Plan Committee Consultation
- Executive Planning and Benefits
- Benchmarking and Evaluation
- Participant Education
- Fiduciary and Compliance

As disclosed in the Agreement, certain of the foregoing services are provided by Roehl & Yi as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Roehl & Yi's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

### **Wealth Management Services**

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Roehl & Yi provides clients with wealth management services which generally include a broad range of financial planning services as well as discretionary management of investment portfolios.

Roehl & Yi primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), master limited partnerships ("MLPs"), individual debt and equity securities and options, independent investment managers ("Independent Managers"), as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the investment objectives of its individual clients. In addition, where appropriate, Roehl & Yi also recommends that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include

debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios.

Clients also engage Roehl & Yi to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Roehl & Yi directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Roehl & Yi tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Roehl & Yi consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Roehl & Yi if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Roehl & Yi determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Sponsor / Manager of Wrap Program**

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Roehl & Yi is the sponsor and manager of the Roehl & Yi Wrap Fee Program (the "Program"), an arrangement where most brokerage commissions and transaction costs are absorbed by the Firm. Accounts managed through the Program are done so in substantially the same manner as those managed under a non-wrap arrangement. Participants in the Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the Program is available in Roehl & Yi's Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm's Form ADV.

### **Schwab Institutional Intelligent Portfolios® Program**

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The Firm provides some of its portfolio management services through an automated investment program (the "IIP Program") through which clients are invested in a range of investment strategies the Firm has constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct the Firm to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). The Firm uses the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to Independent Investment advisors and an affiliate of CS&Co, to operate the IIP Program. The Firm is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co, or their affiliates (together, "Schwab"). The Firm, and not Schwab, is the

client's investment advisor and primary point of contact with respect to the IIP Program. The Firm is solely responsible, and Schwab is not responsible, for determining the appropriateness of the IIP Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. The Firm has contracted with SPT to provide it with the Platform, which consists of technology and related trading and account management services for the IIP Program. The Platform enables the Firm to make the IIP Program available to clients online and includes a system that automates certain key parts of the Firm's Investment process (the "System"). The System includes an online questionnaire that helps it determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that the Firm will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but the Firm then makes the final decision and selects a portfolio based on all the information the Firm has about the client. The System also includes an automated investment engine through which the Firm manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). The Firm charges clients a fee for its services as described below under Item 5 Fees and Compensation. The Firm's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the IIP Program. Schwab does receive other revenues in connection with the IIP Program. The Firm does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at CS&Co that are not enrolled in the IIP Program. If the Firm does not meet this condition, then the Firm pays SPT an annual licensing fee of 0.10% (10 basis points) on the value of the Firm's clients assets in the IIP Program. This fee arrangement gives the Firm an incentive to recommend or require that the Firm's clients with accounts not enrolled in the IIP Program be maintained with CS&Co.

### **Use of Independent Managers**

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As mentioned above, where appropriate, the Firm recommends certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement between the designated Independent Manager and either Roehl & Yi or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated Independent Managers engaged to manage their assets. Roehl & Yi does not receive compensation from any such Independent Managers.

Roehl & Yi evaluates various information about the Independent Managers it recommends to manage client portfolios, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Roehl & Yi also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Roehl & Yi continues to provide services relative to recommendation of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Roehl & Yi seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **Item 5. Fees and Compensation**

Roehl & Yi offers its services on a fee basis, which include hourly and/or fixed fees, as well as fees based upon assets under management depending on the particular arrangement with each client. Additionally, certain of Roehl & Yi's Supervised Persons, in their individual capacities, offer insurance products under a separate commission-based arrangement.

### **Financial Planning Fees**

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Roehl & Yi generally charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning services. These fees are largely determined by the scope and complexity of the agreed upon services, up to \$250 on an hourly basis and \$2,000 on a fixed fee basis.

The specific terms and fee structure are negotiated in advance and set forth in the Agreement with Roehl & Yi. The financial planning fee is payable at the time the financial plan is delivered or the underlying services are rendered to completion. If the client engages Roehl & Yi for additional investment advisory services, Roehl & Yi may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### **Retirement Plan Consulting Fees**

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Roehl & Yi generally charges an asset-based fee or a fixed fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered. In those situations where Roehl & Yi has agreed to manage a plan's assets, the Firm generally charges an annual asset-based fee between 10 and 75 basis points (0.10% – 0.75%), depending upon the amount of assets to be managed.

### **Wealth Management Fees**

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For assets managed as part of the Program (which represents the vast majority of assets managed by the Firm), Roehl & Yi provides investment management services for an annual fee based on the amount of assets under the Firm's management as described in more detail in the Firm's Wrap Brochure. For assets managed outside of the Program, Roehl & Yi does not currently charge any wealth management fees although subject clients will be responsible for transaction costs and other fees and expenses related to the management of their assets as described below in more detail.



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The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Roehl & Yi on the last day of the previous billing period.

Prorated adjustments are made for capital flows (deposits and withdrawals) in the previous period. Any capital flows less than \$5,000 are excluded from proration. For the initial term of an engagement, the fee is calculated on a pro rata basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, unless the client is on a fixed fee basis.

### **Legacy Clients and Fees**

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Certain clients of the Firm may have fee arrangements different than those listed above due to the fee schedules and arrangements in place when those Clients engaged the Firm.

### **Fee Discretion**

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Roehl & Yi, in its sole discretion, may negotiate to waive its fees or charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

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With respect to assets managed outside of the Program, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), margin costs, reporting charges, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. As described in Item 4 Advisory Business, clients do not pay fees to SPT or transaction fees or other fees to CS&Co as part of the IIP Program. Schwab does receive other revenues in connection with the IIP Program, as described in the IIP Program Disclosure Brochure. The Firm's brokerage practices are described at more length in Item 12, below.

### **Fee Debit**

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Clients generally provide Roehl & Yi with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The Financial Institutions that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Roehl & Yi. Alternatively, clients may elect to have Roehl & Yi send them an invoice for direct payment.

## **Account Additions and Withdrawals**

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

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

Roehl & Yi does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

Roehl & Yi provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Clients eligible to enroll in the IIP Program include individuals, IRAs and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to ERISA are not eligible for the IIP Program.

## **Minimum Portfolio Size**

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As a condition for starting and maintaining an investment management relationship, Roehl & Yi generally imposes a minimum portfolio size of \$2,000,000.

The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention and pro bono activities. Roehl & Yi only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. Roehl & Yi may aggregate the portfolios of family members to meet the minimum portfolio size.

The minimum investment required to open an account in the IIP Program is \$5,000. The IIP Program Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting. Additionally, certain Independent Managers may impose

more restrictive account requirements and varying billing practices than Roehl & Yi. In such instances, Roehl & Yi may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

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

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Roehl & Yi generally analyzes investments using fundamental analysis and an asset allocation strategy based on Modern Portfolio Theory ("MPT"). The due diligence process when evaluating Independent Managers is based upon quantitative and qualitative analysis. The Firm strives to understand Independent Managers' philosophies and processes.

The analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or Independent Managers. For Roehl & Yi, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, Roehl & Yi's investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

#### **Risks of Loss**

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##### *General Risk of Loss*

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

##### *Market Risks*

The profitability of a significant portion of Roehl & Yi's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Roehl & Yi will be able to predict those price movements accurately.

## *Mutual Funds and ETFs*

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

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

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Master Limited Partnerships*

MLPs are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

## *Use of Independent Managers*

Roehl & Yi may recommend the use of Independent Managers. In these situations, Roehl & Yi continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Roehl & Yi generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

## Item 9. Disciplinary Information

Roehl & Yi has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

### Receipt of Insurance Commission

Roehl & Yi is under common control with Roehl & Yi Investment Services, LLC, a duly licensed insurance agency. Certain of Roehl & Yi's Supervised Persons, in their individual capacities, are also licensed insurance agents with Roehl & Yi Investment Services, LLC and various insurance companies and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Roehl & Yi does not sell such insurance products to its investment advisory clients, Roehl & Yi does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Roehl & Yi recommends the purchase of insurance products where Roehl & Yi's Supervised Persons receive insurance commissions or other additional compensation.

## Item 11. Code of Ethics

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

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

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

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

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

Clients and prospective clients may contact Roehl & Yi to request a copy of its Code of Ethics.

### **Item 12. Brokerage Practices**

Roehl & Yi generally recommends that clients utilize the brokerage and clearing services of Pershing, LLC ("Pershing") and/or Charles Schwab & Co., Inc. ("CS&Co") for investment management accounts.

Factors which Roehl & Yi considers in recommending Pershing, CS&Co or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Pershing and CS&Co may enable Roehl & Yi to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The transaction fees charged by Pershing and CS&Co may be higher or lower than those charged by other Financial Institutions.

The transaction fees paid by Roehl & Yi's clients comply with the Firm's duty to obtain "best execution." Clients may pay transaction fees that are higher than another qualified Financial Institution might charge to effect the same transaction where Roehl & Yi determines that the transaction fees are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, transaction fees and responsiveness. Roehl & Yi seeks competitive rates but may not necessarily obtain the lowest possible rates for client transactions.

Roehl & Yi periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Roehl & Yi in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Roehl & Yi (as described below). As a result, the

client may pay higher transaction costs (e.g., brokerage or spreads) or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Roehl & Yi may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

With respect to the IIP Program, Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co as custodian/broker to enroll in the IIP Program, the client decides whether to do so and opens its account with CS&Co by entering into an account agreement directly with CS&Co. The Firm does not open the account for the client. If the client does not wish to place his or her assets with CS&Co, then the Firm cannot manage the client's account through the IIP Program.

Transactions for each client generally will be effected independently, unless Roehl & Yi decides to purchase or sell the same securities for several clients at approximately the same time. Roehl & Yi may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable rates for client transactions or to allocate equitably among Roehl & Yi's clients differences in prices or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Roehl & Yi's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Roehl & Yi determines to aggregate client orders for the purchase or sale of securities, including securities in which Roehl & Yi's Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Roehl & Yi does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Roehl & Yi may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares will be allocated to one or more accounts on a random basis. With respect to the IIP Program, as described in the IIP Program Disclosure Brochure, SPT may aggregate purchase and sale orders for ETFs across accounts enrolled in the IIP Program, including both accounts for the Firm's clients and accounts for clients of other independent investment advisory firms using the IIP Program.



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

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

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Roehl & Yi may receive from Pershing and Schwab, without cost to Roehl & Yi, computer software and related systems support, which allow Roehl & Yi to better monitor client accounts maintained at Pershing and Schwab. Roehl & Yi receives the software and related support without cost because Roehl & Yi renders investment management services to clients that maintain assets at Pershing and Schwab. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Roehl & Yi, but not its clients directly. In fulfilling its duties to its clients, Roehl & Yi endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Roehl & Yi's receipt of economic benefits from a broker-dealer creates a potential conflict of interest since these benefits create an incentive for the Firm to choose one broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Additionally, Roehl & Yi may receive the following benefits from Pershing or Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### *Schwab Intelligent Portfolios*

Through Schwab Advisor Services, CS&Co also provides the Firm and its clients, whether or not enrolled in the IIP Program, with access to its institutional brokerage services—trading, custody, reporting and related services—many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help the Firm manage or administer its clients' accounts while others help the Firm manage and grow its business. CS&Co's support services described below are generally available on an unsolicited basis (the Firm does not have to request them) and at no charge to the Firm. The availability to the Firm of CS&Co's products and services is not based on the Firm giving particular investment advice, such as buying particular securities for clients. Here is a more detailed description of CS&Co's support services: CS&Co's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which the Firm might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co's



services described in this paragraph generally benefit the client and the client's account. CS&Co also makes available to the Firm other products and services that benefit the Firm but may not directly benefit our clients or their accounts.

These products and services assist the Firm in managing and administering its clients' accounts. They include investment research, both Schwab's-own and that of third parties. The Firm may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co also makes available software and other technology that: (a) provides access to client account data; (b) facilitates trade execution and allocate aggregated trade orders for multiple client accounts; (c) provides pricing and other market data; (d) facilitates payment of the Firm's fees from our clients' accounts; and (e) assists with back-office functions, recordkeeping and client reporting. CS&Co also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

CS&Co provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. CS&Co may also discount or waives its fees for some of these services or pays all or a part of a third-party's fees. CS&Co may also provide the Firm with other benefits such as occasional business entertainment of our personnel. The availability of services from CS&Co benefits us because we do not have to produce or purchase them. The Firm does not have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co in transaction fees or assets in custody. With respect to the IIP Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for its services in connection with the IIP Program as long as we maintain \$100 Million in client assets in accounts at CS&Co that are not enrolled in the IIP Program. In light of the Firm's arrangements with Schwab, a conflict of interest exists because the receipt of these benefits create an incentive for the Firm to recommend that our clients maintain their accounts with CS&Co. This is based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. The Firm believes, however, that our selection of CS&Co as custodian and broker-dealer is in the best interest of our clients. It is primarily supported by the scope, quality and price of CS&Co's services and not Schwab's services that benefit only us.

## Item 13. Review of Accounts

### Account Reviews

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

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Roehl & Yi and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Roehl & Yi or an outside service provider.

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

## Item 14. Client Referrals and Other Compensation

### No Third-Party Solicitors

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Roehl & Yi is required to disclose any direct or indirect compensation that it provides to third parties for client referrals. Roehl & Yi does not provide compensation for client referrals to third parties.

### Other Economic Benefits

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In addition, Roehl & Yi is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## Item 15. Custody

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

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

## Item 16. Investment Discretion

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

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

## Item 17. Voting Client Securities

The Firm votes proxies for securities managed for clients through the IIP Program only. When the Firm accepts such responsibility, it will cast proxy votes only in a manner it believes is consistent with the best interest of its clients. At any time a client may contact the Firm at the phone number above to request information about how the Firm voted proxies for that client's securities.

A brief summary of the Firm's proxy voting policies and procedures is as follows:

The Firm's Proxy Voting Committee will be responsible for monitoring corporate actions, making proxy voting decisions, and ensuring that proxies are submitted in a timely manner. The Proxy Voting Committee may delegate the responsibility to vote client proxies to one or more other persons. When the Firm receives proxy proposals where the Proxy Voting Guidelines outline its general position as voting either "for" or "against," the proxy will be voted in accordance with the Firm's proxy voting guidelines contained in its compliance manual. When the Firm receives proxy proposals where the proxy voting guidelines do not

contemplate the issue or otherwise outline its general position as voting on a case-by-case basis, the Proxy Voting Committee will determine how the proxy will be voted. It is intended that the Proxy Voting Guidelines will be applied with a measure of flexibility. Accordingly, except as otherwise provided in these policies and procedures, a proxy may be voted contrary to the Proxy Voting Guidelines if, in the sole determination of the Proxy Voting Committee, it is determined that such action is in the best interest of the Firm's clients. Clients can revoke the Firm's authority to vote proxies. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that the Firm maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps to ensure that proxies are voted in a manner it believes to be in the best interest of its clients.

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

Roehl & Yi is not required to disclose any financial information pursuant to this Item due to the following:

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

## Roehl & Yi Investment Advisors

Prepared by:



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