

## **Item 1 – Cover Page**

### **Genereux Investment Management, Inc.**

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By Appointment Only:  
149 W. Broadway  
Council Bluffs, Iowa 51503

Date of Brochure: November 2017

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This brochure provides information about the qualifications and business practices of Genereux Investment Management, Inc. If you have any questions about the contents of this brochure, please contact Mark Genereux at (712) 256-7500 or at [mark@genereux.net](mailto:mark@genereux.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Genereux Investment Management, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Genereux Investment Management, Inc. You may search for information by using the firm's IARD number. The IARD number for Genereux Investment Management, Inc. is 117436.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual update was filed in January 2017, there has been the following material change in our disclosure brochure:

1. In November 2017, our firm requested registration with the United States Securities Exchange Commission.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Genereux Investment Management, Inc. (“Advisor” or “we”) is an investment advisor registered with The Securities and Exchange Commission (“SEC” since November 2017) and notice filed with state securities regulators in Iowa (Since February 2012) and Colorado (Since February 2016) where it maintains office locations and other applicable states based upon where a client resides and the requirements of such state. We are a corporation formed under the laws of the State of Iowa, and Mark A. Genereux is our sole owner.

### **General Description of Primary Advisory Services**

We offer personalized advisory services including financial planning, consultations and investment management. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

#### ***Investment Management Services***

We offer investment management services by providing clients with ongoing and continuous portfolio management services that include, but are not limited to, risk management, investment policy, asset allocation, active or passive implementation, and performance monitoring. These services are typically implemented using exchange traded funds, mutual funds, separately managed accounts and individual securities. Depending on your needs, we may evaluate or recommend U.S. Government securities, tax-exempt municipal bonds and other fixed-income securities. This means that we continuously monitor a client's account and make trades in that account when necessary.

With your input, we attempt to construct a diversified portfolio of investments within our realm of expertise. Additionally, based on information provided by you, we prepare an evaluation of existing portfolio investments and provide recommendations for other investments as appropriate.

We assist you in establishing a managed account(s) through a qualified custodian. We recommend the use of Charles Schwab Brokerage, Inc. Institutional Brokerage Group (“Charles Schwab”), although you are free to select any qualified custodian you wish by providing us with written direction. We require a minimum of \$500,000 to establish an account. Charles Schwab or your selected custodian maintains custody of all your funds and securities. We do not act as custodian and do not have direct access to client funds and securities except for the ability to have advisory fees deducted by the custodian and paid to us with your prior written authorization. In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities.

We are granted trading authorization on your accounts and provide these management services on a discretionary basis only. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority, and you can place reasonable restrictions and limitations on the discretionary authority. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

#### ***Retirement Plan Consulting Services***

We offer retirement plan consulting services to retirement plan sponsors and to individual participants in retirement plans.

Advisor offers retirement plan consulting services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, retirement plan consulting services can include, but are not limited to, the following services:

### Fiduciary Consulting Services

Advisor offers the following fiduciary retirement plan consulting services:

- Qualified Plan Development. We assist you with establishing a qualified plan by working with you and a selected third party administrator. If you have not already selected a third party administrator, we assist you with reviewing and selecting a third party administrator for the plan.
- Investment Selection Services. We provide you with recommendations of investment options consistent with ERISA Section 404(c).
- Due Diligence Review. Upon request, we provide you with periodic due diligence reviews of the plan, the plan's fees and expenses, and the plan's portfolio managers.
- Participant Advice. Upon request, we provide one-on-one advice to plan participants.

Advisor acknowledges that in performing the fiduciary consulting services listed above that we are acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. We act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Advisor to be a fiduciary as a matter of law. However, in providing the fiduciary consulting services, we (a) have no responsibility and do not (i) exercise any discretionary authority or discretionary control respecting management of client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in administering client's retirement plan or interpreting client's retirement plan documents, (b) are not an "investment manager" as defined in Section 3(38) of ERISA and do not have the power to manage, acquire or dispose of any plan assets, and (c) are not the "Administrator" of Client's retirement plan as defined in ERISA.

### Non-Fiduciary Services

Advisor offers clients the following non-fiduciary retirement plan consulting services:

- Participant Educational Presentations. We provide educational presentations for plan participants. Presentations to plan participants are informational in nature and intended to provide an overview of the plan and the plan's investment selections. Educational presentations do not take into account the individual circumstances of each participant and individual recommendations are not provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts. Under no circumstances does Advisor implement transactions in the individual plan participant accounts.
- Participant Enrollment. Advisor assists you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 similar to state statutes and rules and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA.

The exact suite of services provided to a client is listed and detailed in the Qualified Retirement Plan Consulting Agreement.

All recommendations of investment options and portfolios are submitted to the client for the client's ultimate approval or rejection. Therefore, it is always the client's responsibility to accept Advisor's investment recommendations and then physically make changes to the plan itself. In the event a client contracts with Advisor for one-on-one consulting services with plan participants, such services are consultative in nature and do not involve Advisor implementing recommendations in individual participant

accounts. It is the responsibility of each participant to implement changes in the participant's individual accounts. Advisor can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

Retirement plan consulting services are not management services, and Advisor does not serve as administrator or trustee of the plan. Advisor does not act as custodian for any client account or have access to client funds or securities (with the exception of some accounts having written authorization from the client to deduct fees). In addition, Advisor does not implement any transactions in a retirement plan or participant's account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by Advisor is solely responsible for implementing all transactions.

To the extent required by ERISA Regulation Section 2550.408b-2(c), Advisor discloses to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or plan administrator (unless such disclosure is precluded due to extraordinary circumstances beyond my control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Consulting Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will attempt to disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

### ***Financial Planning Services (Plans and Consultations)***

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We provide advisory services in the form of financial plans and consultations. These services do not involve actively managing client accounts. Instead, planning services focus on either a client's overall financial situation or on specific areas of client concern.

When appropriate, and based on your identified needs, we can provide value-added financial planning services as part of our investment management services. Financial planning services consist of discovery, analysis and recommendations pertaining to one or more of the following considerations, or based upon needs identified by you:

- Retirement Planning
- Analysis and recommendations relating to cash management issues
- Income distribution planning for retirement
- Employee stock option evaluation

- IRA or employer-sponsored retirement plan rollovers
- IRA required minimum distributions
- College funding for children or grandchildren
- Life Insurance and/or Disability Income Insurance
- Annuities
- Mortgages
- Estate Preservation & Wealth Transfer Planning
- Charitable & Philanthropic Planning

We can provide you with oral or written reports on any of these areas selected by you.

### **Specialization**

We specialize in asset allocation, risk management and small business retirement plans.

### **Limits Advice to Certain Types of Investments.**

We provide investment advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Option contracts on securities

Although our advice is generally limited to the investment products previously listed, we reserve the right to offer advice on any product that may be suitable for each client's specific circumstances, needs, goals and objectives. Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss**, for more information.

### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the specific needs of the individual client. Clients are given the ability to impose restrictions on their accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with anyone whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Client Assets Managed by Advisor**

The amount of client's assets managed by Advisor totaled \$100,864,285.38 as of October 20, 2017 with all accounts managed on a discretionary basis.



## **Item 5 – Fees and Compensation**

In addition to the information provide in **Item 4, Advisory Business**, this section provides details regarding each service's fees and compensation arrangements.

We may offer an initial complimentary general consultation to discuss services available, needed and desired and to determine the suitability of a potential client-advisor relationship. Investment advisory services only begin after we formalize our relationship with you by signing an advisory agreement. Once the relationship is initiated, we begin a data gathering and discovery process in a joint effort to try to determine your personal needs, goals, intentions, time horizons, risk tolerance and investment objectives.

### **Investment Management Services**

With respect to our investment management services, we charge for investment management services based on a percentage of assets under management. Fees are billed quarterly in arrears and are calculated on the market value of the account as shown by the custodian on the last trading day of the billable quarter.

An annual fee of 1% is charged on assets under management. In certain situations, we may negotiate our fee according to individual circumstances (i.e., the size of the account, the complexity of services required, pre-existing relationships, or referrals from existing clients or for family members of our associated persons).

If services are commenced in the middle of the initial billing period (other than the first business day of the initial billing period), the fee for the initial billing period is waived. With respect to the final billing period, the fees for a billing period will be prorated based on the number of days that services were provided during the billing period.

Fees may be billed directly to you or by a debit directly to your account by the qualified custodian. Advisor will send you a fee billing invoice showing the amount of the fee to be deducted, the manner in which the fee was calculated, any adjustments to the fee and an explanation of such adjustments. The Securities and Exchange Commission and many state securities regulators have taken the position that account access to facilitate fee deduction results in custody of funds unless certain safeguards are in place. To avoid any issue of custody, we adhere to the following criteria when payment is made by the custodian when debiting your account:

- (1) You provide written authorization permitting the fees to be paid directly from your account held by the independent and qualified custodian and that authorization is limited to withdrawing contractually agreed upon investment advisor fees.
- (2) You receive regular account statements (at least quarterly) from the qualified custodian that reflects our advisory fee deduction.
- (3) The frequency of fee withdrawal is specified in the written authorization/agreement.
- (4) The account custodian is advised in writing of our limited access to your account.
- (5) You can terminate the written billing authorization or agreement at any time.

You should review the fee billing invoice received from us and the account statements received from your account custodian and verify that appropriate advisory fees are being deducted. If you have questions about the fee billing invoice or the account statements, you should contact us or your custodian.

Charles Schwab does not generally charge separately for maintaining custody of your accounts, but other qualified custodians selected by you may charge a separate custody fee. Account custodians may charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges and IAR and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Investment management services continue until terminated, and either party can terminate services at any time by providing written notice to the other. Termination is effective upon receipt of the notice. If services are terminated within five business days of signing the client agreement, services are terminated without fee or penalty and no fees are due.

### **Retirement Plan Consulting Services**

In consideration of the services provided, client is charged an annual fee that can be either fixed or based on a percentage of the total market value of plan assets. For retirement plan sponsors, fees charged as a percentage typically range from 0.25% to 0.60% per year and are calculated based on the fair market value of your account as of the last business day of the billing period. All fees are negotiable based on the complexity of the plan, the number of participants, other relationships Advisor has with the plan provider or trustees, the level of service to be provided, the geographical location(s) and number of office locations of the plan sponsor and plan participants. Advisor also takes into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA laws. The exact fee charges are specified in your agreement with Advisor.

Fees are billed in arrears (at the end of the billing period) on a quarterly calendar basis. If services to the Plan are commenced in the middle of the initial billing period (other than the first business day of the initial billing period), the fee for the initial billing period is waived. After the initial billing period, fees for a billing period will be prorated based on the number of days that services were provided during the billing period.

Advisor does not charge fees for services provided to individual participants

Clients can elect to have the fee deducted from their account or billed directly and due within 30 days of receiving our billing notice. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and then pay the fees to Advisor. Advisor provides the custodian with a fee notification statement. Advisor will send the client a fee billing invoice showing the amount of the fee to be deducted, the manner in which the fee was calculated, any adjustments to the fee and an explanation of such adjustments.

Services terminate thirty (30) days following either party providing the other with written notice. If services are terminated within five business days of signing the client agreement, services are terminated without fee or penalty. If terminated after the initial five business days, client is responsible for paying fees for services completed prior to termination. If services are terminated mid-period, a prorated fee is charged based on the number of days that services were provided during that period. If Client has paid Advisor's fee in advance, Advisor promptly issued a pro-rated refund to Client

Advisor does not reasonably expect to receive any other compensation, direct or indirect, for its services. If any other compensation is received for such services, Advisor (i) offsets that compensation against our stated fees, and (ii) discloses to you the amount of such compensation, the services rendered for such compensation and the payer of such compensation.

### **Financial Planning Services**

Financial planning services are only offered to clients receiving investment management services. There is no charge for these financial planning services.

### **Additional Compensation**

We do not receive any compensation other than the advisory fees discussed previously in this Disclosure Brochure.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

## **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals (including high net worth individuals)
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

We provide advice and services to foundations (both private and public), corporations (corporate cash and 401(k) consulting) and middle market high net worth individuals, and state or municipal government entities.

### **Minimum Investment Amounts Required**

We require a \$500,000 minimum to establish and maintain a managed account; however, we reserve the right to make exceptions to this minimum

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

### **Methods of Analysis**

We use fundamental, technical, cyclical and charting methods of analysis when considering investment strategies and recommendations for clients.

#### ***Fundamental***

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all

aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

### ***Technical***

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### ***Cyclical***

Cyclical analysis looks at recurring periods of expansion and contraction that can impact a company's profitability and cash flow. Cyclical stocks tend to rise quickly when the economy turns up and fall quickly when the economy turns down (i.e., housing, automobiles, telecommunications, paper, etc.). Non-cyclical industries (i.e., food, insurance, drugs, health care, etc.) are not as directly impacted by economic changes.

### ***Charting***

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

### **Investment Strategies**

The investment strategies we use when implementing investment advice include:

Long term purchases (securities held at least a year.)

We provide advisory services for portfolios ranging from aggressive to conservative, all designed to meet the varying needs of investors. We assist and consult with you about selecting the portfolio best suited to your individual need after you have defined your objectives, risk tolerance and time horizons. You may elect to have us implement a portfolio strategy that includes a combination of passive and actively managed investment styles. Portfolios are diversified in various asset classes, reviewed quarterly and re-balanced quarterly or annually pursuant to either your direction or our discretion. You should expect to remain fully invested at all times.

Portfolio allocation and holdings are based upon model allocations and may change based upon an individual client's financial situation and requirements and on market conditions and the attractiveness of individual holdings. Assessments of market strengths and weaknesses (as defined by institutional

investing trends), performance of leading stocks, sector leadership and numerous other factors determine the portfolio allocation. We may analyze individual security issues and may recommend the purchase or sale of individual issues. Your investment plan contains assets in classes that we believe (based upon historical data) have attractive combinations of return, risk and correlation. Emphasis is placed on optimizing performance at the portfolio level while attempting to control risk.

We use numerous publicly available sources of economic, financial and investment research. Mutual fund recommendations are based on performance reports and analysis of managers obtained from a variety of sources. Asset allocation software and historical performance modeling software may also be utilized.

We do not provide accounting or legal services. While we make every effort to consider tax consequences, the sale of investments may cause taxable gain(s) or loss(es). You are encouraged to consult your tax advisor about tax consequences resulting from transactions or any particular investment held in your account.

### **Risk of Loss**

Investing in securities involves a risk of loss that clients should be prepared to bear, including loss of original principal. However, clients should be aware that past performance of any security is not necessarily indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved.

Investing in securities involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in our perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.

- **Management Risk.** Client investments also vary with the success and failure of Advisor's investment strategies, research, analysis and determination of portfolio securities. If Advisor's strategies do not produce the expected returns, the value of a client's investments will decrease.

### **Primary Method of Analysis or Strategy**

Our primary method of analysis or strategy is risk management through asset allocation. Some of the risks involved with using this method include that asset allocation may not protect your portfolio from market loss. See also, **Item 4, Fees and Compensation**, for additional discussion on our strategy and analysis methods when managing assets.

### **Primarily Recommend One Type of Security**

We recommend any product that may be suitable for each client relative to their specific circumstances and needs, although we primarily use mutual funds, exchange traded funds, CDs and individual bonds.

## **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management.

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

We do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- An investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- An insurance company or agency
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

We are an independent registered investment registered advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure.

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

### **Code of Ethics Summary**

State and federal regulations require all investment advisers to establish, maintain and enforce a Code of Ethics. We have established a Code of Ethics that applies to all of our associated persons. An investment adviser is considered a fiduciary according to state and federal regulations. As a fiduciary, it is an

investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our insider trading, and personal securities transactions policies and procedures. We require all supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Once employed by or affiliated with us, and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our own investment interests. Full disclosure of all material facts and conflicts of interest is provided to you prior to any services being conducted. Both we and our supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to you. This disclosure is provided to give you a summary of our Code of Ethics. However, if clients wish to review our Code of Ethics in its entirety, a request should be directed to Mark Genereux, President and Chief Compliance Officer.

### **Participation in Client Transactions and Personal Trading**

We and our representatives may buy or sell securities or have an interest or position in a security for our personal accounts that are also recommended to clients. We are and will continue to be in compliance with all state and federal regulations. At no time will we or any related person receive an added benefit or advantage over clients with respect to these transactions. As fiduciaries, neither we nor our representatives will engage in trading activity that puts our interests ahead of clients. We monitor the personal securities transactions of our supervised persons, and all applicable securities rules and regulations are strictly enforced. We do not permit and have instituted controls against insider trading. We have established a Code of Ethics (summarized above) within our internal written policies and procedures manual.

### **Item 12 – Brokerage Practices**

You always have the right to accept or reject our advice. If you wish to implement our advice, you always have the right to select any broker/dealer or investment advisor you wish and are so informed. If we assist you in implementing any recommendations, we have a duty to ensure that you receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer.

You should understand that not all investment advisors require the use of a particular broker/dealer. While we attempt to seek best execution for client accounts, we may be unable to achieve the most favorable execution of your transactions if you direct the use of a specific custodian. There may be other platforms that are less expensive and may provide faster execution capabilities.

We recommend using the services of Charles Schwab as custodian for managed accounts although you are free to select any qualified custodian you wish by providing us with written direction. The decision to utilize Charles Schwab is based on the customer services provided to investors and the services available to us. While it is possible that you may occasionally pay higher commissions or transaction fees through Charles Schwab, we have determined that the company currently offers the best overall value to both us and our clients for the brokerage and technology it provides. We periodically review other alternatives that are available. However, we believe that excellent customer service and trade execution is superior to most non-service oriented, deep-discount and web-based brokers that may otherwise be available to the public. Charles Schwab features a broad line of products and services that are available to every investor, regardless of the amount of investable assets.

At times, Charles Schwab may affect over-the-counter securities transactions on an agency basis. Charles Schwab executes transactions based upon a number of factors, including size of order, trading characteristics of the security, favorable execution prices, access to reliable data, availability of efficient

transaction processing and possible price reductions. In filling these orders, Charles Schwab may transact with a market-making broker-dealer ("market maker") on the other side of the trade. A market maker may mark the price of securities for which it makes a market either up or down. This cost is incurred by you along with any agency commissions assessed by Charles Schwab. Normally, best price and execution is obtained for over-the-counter securities transactions by executing directly with the market maker on a principal basis. You may incur transaction costs, in addition to any commissions charged by Charles Schwab, when trades in over-the-counter securities are affected on their behalf through that broker on an agency basis. Therefore, our election to use Charles Schwab in these situations may limit or eliminate our ability to obtain best price and execution for each transaction. The Securities and Exchange Commission requires brokerage firms to make publicly available their order routing practices via quarterly reports. The report is to provide information on routing non-directed orders (any order that you or we have not specifically instructed to be routed to a particular venue for execution). If desired, you are welcome to obtain copies of these reports from the service provider.

As previously noted, you are free to use the financial service provider of your choice. If you wish to use a provider other than Charles Schwab, you must provide written instructions to us designating the selected custodian. If you direct the use of a particular broker/dealer or other custodian, we may not be able to obtain the best prices and execution for the transaction. You may receive less favorable prices than would otherwise be the case if you had not designated a particular broker/dealer or custodian. Further, you will not be able to participate in aggregate trades (i.e., block trades) and directed trades may be placed by us after effecting non-directed trades.

While there is no direct link between the investment advice we give and our use of Charles Schwab, we may receive economic benefits that would not otherwise occur. We may receive traditional "non-cash benefits" or "soft dollar benefits" from Charles Schwab such as:

- Customized statements
- Receipt of duplicate client confirmations and bundled duplicate statements
- Access to a trading desk servicing adviser participants exclusively
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts
- Ability to have investment advisory fees deducted directly from client accounts
- access (for a fee) to an electronic communication network for client order entry and account information
- Access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors
- Reporting features
- Receipt of regulatory compliance communication
- Discounted or free access to business-related seminars and/or products.

Many of these soft dollar benefits also accrued to the benefit of many clients of Genereux Investment Management, Inc. While Charles Schwab does not directly provide any research, it may offer discounts on general products. Any research received is used for the benefit of all clients. Real-time software may be purchased through Charles Schwab or independent companies to facilitate access to account information. These soft dollar benefits received by Genereux Investment Management, Inc. create a conflict of interest; however, Genereux Investment Management, Inc. will act in your best interest.

You are welcome to make inquiries about our brokerage recommendations and execution policy by directing questions to Mark A. Genereux, our President and Chief Compliance Officer.

Third-party service providers may provide additional considerations such as invitations to attend industry-related conferences, seminars or workshops. We generally do not receive any consideration except for paid admission and customary meals.



## **Trade Errors**

We have implemented procedures designed to prevent trade errors, although trade errors in client accounts cannot always be avoided. It is our policy to correct trade errors in a manner that is in your best interest and is also consistent with our fiduciary duty. If you cause the trade error, you are responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, you may not be able to receive any gains generated as a result of the error correction. In all situations where you do not cause the trade error, you are made whole and any loss resulting from the trade error will be absorbed by us if we caused the error. If the error is caused by the broker-dealer, then the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should also receive the gains. It is not permitted that all clients retain the gain. We may also confer with you to determine if you should forego the gain (e.g., due to tax reasons). We never benefit or profit from trade errors.

## **Block Trades**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used when we believe such action may prove advantageous to clients. This is best illustrated in individual fixed income securities as the yield is usually higher in a larger block transaction (\$1,000,000 plus) and this increased yield is shared by all of the individual clients in the transaction.

If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and are allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation or remuneration as a result of blocking trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Consultation services terminate upon completion of the requested consultations and no reviews are conducted unless you enter into a new engagement. Financial planning services provided in conjunction with investment management services include reviews as needed or requested by you as long as you continue the investment management services. Managed accounts are reviewed at least quarterly. Mark Genereux, our President and Chief Compliance Officer, performs all account reviews.

While the calendar is the main triggering factor, reviews may also be conducted due to client request, a change in client circumstances or unusual market activity or economic conditions. Absent specific client instruction, reviews are conducted to verify the accuracy of account holdings, continued suitability of recommendations and investment products held and that the account continues to work toward client goals and objectives.

### **Account Statements & Reports**

You receive an account statement at least quarterly from Charles Schwab or other qualified custodian where your account is maintained. We can provide position or performance reports to you. If requested

or used in a face to face meeting, reports are downloaded, maintained and produced on an independent third party provider that receives a direct data feed from our custodian.

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

### **Client Referrals**

We do not directly or indirectly compensate anyone for referring clients to us. Likewise, we do not receive any compensation for referral of clients.

### **Other Compensation and Non-Client Economic Benefit**

Please see **Item 12, Brokerage Practices**, for discussion about the services and products we may receive from Charles Schwab.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940 similar to state statutes and rules* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the account statements from the qualified custodian against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement. See Item 5 for additional information about custody.

## **Item 16 – Investment Discretion**

In addition to having trading authority on your accounts, we provide asset management services on a discretionary basis. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. You can impose restrictions on managing your accounts.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account by the account custodian and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place

reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

We do not perform proxy-voting services on your behalf and all proxies are sent directly to you. You should read through the information provided with the proxy-voting documents and make a determination based on the information provided. If you request, we may provide limited clarifications of the issues presented in the proxy voting materials based on our understanding of issues presented in the proxy-voting materials. However, you have the ultimate responsibility for making all proxy-voting decisions.

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

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Policy Notice**

Genereux Investment Management, Inc. as a registered investment adviser, is covered under the definition of a “financial institution” under the *Gramm-Leach-Bliley Act*, (“The Act”) and in conjunction with the SEC’s Privacy Rule (“Regulation S-P”). The privacy rules require every broker, dealer, investment company, and registered investment adviser to adopt policies and procedures reasonably designed to safeguard customer records and information.

The types of information Genereux Investment Management, Inc. may collect during the normal course of business may include:

- Information provided from applications, forms and provided either verbally or in writing including, but not limited to, your name, address, phone number, account information, Social Security number, employment, assets, income and debt;
- Information about your transactions, accounts, trading activity and parties to transactions;
- Information from other outside sources and;
- Any other information that is deemed to be non-public personal information as defined by the Act and Regulation S-P.

Genereux Investment Management, Inc. realizes that providing personal information is an act of trust and takes the issue of protecting privacy seriously. The firm values clients’ trust and confidence and will never sell or share non-public personal information obtained from consumers or clients. All information provided by clients to the firm and information and advice furnished by the firm to clients shall be treated as confidential and shall not be disclosed to non-affiliated third parties, except as permitted by clients with written authorization, by application to facilitate the investment advisory services offered by the firm via an unaffiliated financial services provider, by client’s application to facilitate insurance services through an unaffiliated insurance company, or as required by any rule, regulation or law to which the firm or its supervised persons may be subject. The firm’s policy to protect client information extends beyond the termination of the client agreement. Client information is retained for the required time period following termination (five years) and then is safely destroyed.

Genereux Investment Management, Inc. protects on-site information by limiting access to only those persons who need information to deliver the firm’s services. Genereux Investment Management, Inc.

strives to only recommend financial service providers that share our privacy policies, but clients are encouraged to request other firms' policies. Clients are encouraged to discuss any questions regarding our privacy policies and procedures directly with Mark A. Genereux, President and Chief Compliance Officer.

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