

# Ellsworth Advisors, LLC

## Wrap Fee Program Brochure

*This wrap fee program brochure provides information about the qualifications and business practices of Ellsworth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (234) 200-0703 or by email at: [mschwab@ellsworthadvisors.com](mailto:mschwab@ellsworthadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Ellsworth Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Ellsworth Advisors, LLC's CRD number is: 297464.*

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*Registration does not imply a certain level of skill or training.*

Version Date: 12/20/2018

## **Item 2: Material Changes**

Ellsworth Advisors, LLC has not yet filed an annual updating amendment to this Wrap Fee Program Brochure. Therefore there are no material changes to this brochure to report.

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## Item 4: Services Fees and Compensation

Ellsworth Advisors, LLC (hereinafter "Ellsworth") offers the following services to advisory clients:

### A. Description of Services

Ellsworth participates in and sponsors wrap fee programs, which means Ellsworth will wrap third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) for wrap fee portfolio management accounts. Ellsworth will charge clients one fee, and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that Ellsworth has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, 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.

The fee schedule is set forth below:

Total Assets Under Management	Annual Fees
All Assets	1.00%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Schedule A of the client contract. Ellsworth uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals for purposes of determining the market value of the assets upon which the advisory fee is based.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly in arrears. Because fees are charged in arrears, no refund policy is necessary.

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with five days' written notice.

### B. Contribution Cost Factors

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the

trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### **C. Additional Fees**

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees, such as annual IRA fees to the custodian, transition fees if the account is moved to another broker, or mutual fund fees.

### **D. Compensation of Client Participation**

Neither Ellsworth, nor any representatives of Ellsworth receive any additional compensation beyond advisory fees for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, Ellsworth may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Account Requirements and Types of Clients**

Ellsworth generally provides its wrap fee program services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

There is no account minimum for any of Ellsworth's services.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

Ellsworth will not select any outside portfolio managers for management of this wrap fee program. Ellsworth will be the sole portfolio manager for this wrap fee program.

#### ***Standards Used to Calculate Portfolio Manager Performance***

Ellsworth will use industry standards to calculate portfolio manager performance.

## ***Review of Performance Information***

Ellsworth reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is received monthly and is reviewed by Ellsworth.

### **B. Related Persons**

Ellsworth and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses Ellsworth's management of the wrap fee program. However, Ellsworth addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### **C. Advisory Business**

Ellsworth offers portfolio management services to its wrap fee program participants as discussed in Item 4 above.

#### ***Wrap Fee Portfolio Management***

Ellsworth offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Ellsworth creates an Investment Management Agreement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Management Agreement) to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management includes, but is not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

Ellsworth evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Management Agreement.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. Ellsworth will charge clients one fee, and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, 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.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that Ellsworth has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, Ellsworth will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

### ***Performance-Based Fees and Side-By-Side Management***

Ellsworth does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### ***Services Limited to Specific Types of Investments***

Ellsworth generally limits its investment advice to mutual funds, fixed income securities, insurance products including annuities, equities, hedge funds, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, non-U.S. securities, venture capital funds and private placements, although Ellsworth primarily recommends publicly-traded securities. Ellsworth may use other securities as well to help diversify a portfolio when applicable.

### ***Client Tailored Services and Client Imposed Restrictions***

Ellsworth will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by Ellsworth on behalf of the client. Ellsworth will use "model portfolios", a specific set of recommendations for each client based on their personal restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Ellsworth from properly servicing the client account, or if the restrictions would require Ellsworth to deviate from its standard suite of services, Ellsworth reserves the right to end the relationship.

### ***Wrap Fee Programs***

Ellsworth sponsors and acts as portfolio manager for this wrap fee program. Ellsworth manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. The fees paid to the wrap account program will be given to Ellsworth as a management fee.



### ***Amounts Under Management***

Ellsworth has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$398,500,000	\$0	November 2018

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

Ellsworth's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. Ellsworth uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

### ***Investment Strategies***

Ellsworth uses long term trading, short term trading and options trading (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Material Risks Involved***

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is

that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

Ellsworth's use of options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Selection of Other Advisers:** Although Ellsworth will seek to select only money managers who will invest clients' assets with the highest level of integrity, Ellsworth's selection process cannot ensure that money managers will perform as desired and Ellsworth will have no control over the day-to-day operations of any of its selected money managers. Ellsworth would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Risks of Specific Securities Utilized***

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency. The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income. Ellsworth's use of options trading generally holds greater risk of capital loss.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Hedge funds** often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private equity** funds carry certain risks. Private equity fund investments do not sell publicly and are therefore illiquid. An investor may not be able to exit a private equity fund or sell its interests in the fund before the fund closes. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse

consequences, including but not limited to a total loss of investment. Private equity funds are subject to various other risks, including the lack of control over the acquisition, management and disposition of investments and the investment risks associated with the types of assets and securities that the private equity fund invests in.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development. Venture capital fund investments do not sell publicly and are therefore illiquid. An investor may not be able to exit a venture capital fund or sell its interest in the fund before the fund closes. Venture capital funds are subject to various other risks, including the lack of control over the acquisition, management and disposition of investments and the investment risks associated with the types of assets and securities that the venture capital fund invests in.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Voting Client Proxies***

Ellsworth will accept voting authority for client securities in certain cases. When Ellsworth does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. Ellsworth does not maintain preapproved voting guidelines but relies on the investment committee to determine the appropriate course of action in voting client securities that is in the best interest of the client. Clients may direct Ellsworth on how to vote client securities by communicating their wishes in writing or electronically to Ellsworth. When voting client proxies the investment committee will always hold the interests of the clients above its own interests. Clients of Ellsworth may obtain the voting

record of Ellsworth on client securities by contacting Ellsworth at phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of Ellsworth's proxy voting policies and procedures upon request.

## **Item 7: Client Information Provided to Portfolio Managers**

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

## **Item 8: Client Contact with Portfolio Managers**

Ellsworth places no restrictions on client ability to contact its portfolio managers. Ellsworth's Chief Compliance Officer, Michelle Schwab, can be contacted during regular business hours and contact information is on the cover page of Michelle Schwab's Form ADV Part 2B brochure supplement.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-regulatory Organization Proceedings***

There are no self-regulatory organization proceedings to report.

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither Ellsworth nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

#### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor***

Neither Ellsworth nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor.

## ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

Ellsworth has independent licensed insurance agents, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Ellsworth always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of Ellsworth in connection with such individual's activities outside of Ellsworth.

Timothy Banks Clepper is President of Kaulig Companies Ltd., a single member family office, and Kaulig Capital, LLC, the private investment arm of Kaulig Companies Ltd. Both Kaulig Capital, LLC and Kaulig Companies Ltd. are clients of Ellsworth; therefore, Timothy Banks Clepper's role with both the Kaulig companies and Ellsworth could result in a conflict of interest; however, Ellsworth will always act in the best interest of its clients.

Cameron Shields Miele is Managing Director of Kaulig Capital. He will not offer clients any services or products from this outside activity. Kaulig Capital, LLC is a client of Ellsworth; therefore Cameron Shields Miele's role with Kaulig and Ellsworth could result in a conflict of interest; however, Ellsworth will always act in the best interest of its clients.

## ***Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections***

Ellsworth sponsors and acts as the portfolio manager for this wrap fee program. Third-party investment advisors will not be used to manage a portion of the client's assets. If a third-party manager is requested by the client or deemed in the client's best interest by Ellsworth, a non-wrap account should be entered into.

## ***Code of Ethics, Client Referrals, and Financial Information***

### ***Code of Ethics***

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

Ellsworth and its associated persons may have material financial interests in issuers of securities that Ellsworth may recommend for purchase or sale by clients. For example, a private placement in real estate.

This presents a conflict of interest in that Ellsworth or its related persons may receive more compensation from investment in a security in which Ellsworth or a related person has a material financial interest than from other investments. Client approval will be sought for client investment in such recommendations and, if granted, such approval will be binding. Ellsworth always acts in the best interest of the client consistent with its fiduciary duties and clients are not required to invest in such investments if they do not wish to do so.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of Ellsworth may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Ellsworth to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Ellsworth will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of Ellsworth may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Ellsworth to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Ellsworth will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

Client accounts for Ellsworth's advisory services provided on an ongoing basis are reviewed at least annually by Michelle Schwab, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Ellsworth are assigned to this reviewer.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).



### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)***

Ellsworth participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which Ellsworth custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program.

As disclosed above, Ellsworth participates in TD Ameritrade's institutional advisor program and Ellsworth may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Ellsworth's participation in the Program and the investment advice it gives to its clients, although Ellsworth receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Ellsworth participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have Ellsworth's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Ellsworth by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Ellsworth's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit Ellsworth but may not benefit its client accounts. These products or services may assist Ellsworth in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Ellsworth manage and further develop its business enterprise. The benefits received by Ellsworth or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

Ellsworth also participates in TD Ameritrade's Additional Services Program. Ellsworth will receive certain additional economic benefits which may or may not be offered to any other independent advisors that participate in the Additional Services Program. These benefits include full or partial payment of a retirement planning tool (Retirement Planning Advisory Group) and a portfolio management system (eMoney). Ellsworth may have a

conflict of interest in recommending to its clients that their assets be held in custody with TD Ameritrade and in placing transactions for client accounts with TD Ameritrade, because TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Ellsworth's client accounts when determining whether to provide or continue providing Additional Services to Ellsworth; and that Ellsworth's receipt of Additional Services does not diminish Ellsworth's duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

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

### ***Compensation to Non – Advisory Personnel for Client Referrals***

Ellsworth may enter into an agreement with a solicitor and pay a solicitation fee in exchange for the solicitor recommending potential advisor client to Ellsworth. The payment of a solicitation fee will not affect the amount being charged to client by Ellsworth. The solicitation fee shall not result in any additional charge to client. The Ellsworth fee would be the same, regardless of whether a solicitation fee is paid.

### ***Balance Sheet***

Ellsworth does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither Ellsworth nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### ***Bankruptcy Petitions in Previous Ten Years***

Ellsworth has not been the subject of a bankruptcy petition in the last ten years.