

# **BLAKE-SCHUTTER WEALTH ADVISORS LLC**

**CRD Number: 292661**  
**Firm Brochure**  
**Dated August \_\_, 2019**

**137 N. Main Street**  
**Suite 900**  
**Dayton, OH 45402**

This brochure provides information about the qualifications and business practices of Blake-Schutter Wealth Advisors, LLC ("Adviser"). If you have any questions about the contents of this brochure, please contact us by telephone at: 937-956-7875, or by email at: [info@blakeschutter.com](mailto:info@blakeschutter.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. The Adviser's registration as an Investment Adviser does not imply a certain level of skill or training.

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

## Item 2: Material Changes

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### **Annual Update**

The Firm Brochure will be updated annually or when material changes occur since the last update.

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### **Material Changes since the Last Update**

The Adviser is seeking federal registration for the first time.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact Edward J. Blake, CCO, by telephone at: 937-956-7870, or by email at: [ed.blake@blakeschutter.com](mailto:ed.blake@blakeschutter.com).

# Table of Contents

<b>Item 1: Cover Page</b>	
<b>Item 2: Material Changes</b>	<b>i</b>
Annual Update	i
Material Changes since the Last Update	i
Full Brochure Available	i
<b>Item 4: Advisory Business</b>	<b>1</b>
Firm Description	1
Other Services	2
Tailored Relationships	3
Managed Assets	3
<b>Item 5: Fees and Compensation</b>	<b>3</b>
Financial Planning Fees	4
Managed Discretionary Asset Fees	4
Managed Non-Discretionary Asset Fees	5
Investment Consulting Asset Fees	5
Negotiated Fees	5
Billing of Fees	5
Other Fees	6
Commission Transactions	6
<b>Item 6: Performance-Based Fees and Side-by-Side Management</b>	<b>6</b>
Performance-Based and Placement Fees	6
<b>Item 7: Types of Clients</b>	<b>6</b>
Description	6
Account Minimums	6
<b>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss</b>	<b>7</b>
Methods of Analysis and Investment Strategies	7
Risks of Loss	8
<b>Item 9: Disciplinary Information</b>	<b>9</b>
Legal and Disciplinary	9
<b>Item 10: Other Financial Industry Activities and Affiliations</b>	<b>9</b>
Other Financial Industry Activities	9
Affiliations	9
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	<b>10</b>

Code of Ethics .....	10
Participation or Interest in Client Transactions .....	10
Personal Trading .....	10
<b>Item 12: Brokerage Practices .....</b>	<b>11</b>
Broker-Dealer Selection.....	11
Research and Other Soft Dollar Benefits.....	11
Order Aggregation, Allocation and Rotation Practices.....	11
Directed Brokerage.....	12
Trading Error Policy .....	13
<b>Item 13: Review of Accounts.....</b>	<b>14</b>
Periodic Reviews .....	14
Review Triggers.....	14
Regular Reports and Electronic Delivery .....	14
<b>Item 14: Client Referrals and Other Compensation.....</b>	<b>14</b>
Other Compensation.....	14
Client Referrals .....	15
<b>Item 15: Custody .....</b>	<b>15</b>
Custody .....	15
<b>Item 16: Investment Discretion .....</b>	<b>15</b>
Discretionary Authority for Trading .....	15
Non-Discretionary Authority for Trading.....	16
Investment Consulting .....	16
<b>Item 17: Voting Client Securities.....</b>	<b>16</b>
Proxy Votes .....	16
<b>Item 18: Financial Information .....</b>	<b>17</b>
Financial Information .....	17

## Item 4: Advisory Business

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### **Firm Description**

Blake-Schutter Wealth Advisors LLC (the “Adviser”) is an Ohio Limited Liability Company formed on November 21, 2017. Ed Blake and Mark Schutter are the principal owners of the Adviser, and each own 50% of the membership units of the Adviser. The Adviser is an investment adviser registered with the U.S. Securities and Exchange Commission, and is subject to state securities laws and the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”). Blake-Schutter is an affiliate of Culmen Real Estate Services, Inc.—a property management and real estate management firm.

The primary types of investment advisory services offered by the Adviser are financial planning, investment consulting, and investment advisory services.

### **Financial Planning**

The Adviser works to develop a comprehensive financial plan for every client. The Adviser begins with an intensive fact-finding session which helps the Adviser become totally familiar with the client’s current financial situation including among other things, personal goals, priorities, family circumstances, estate affairs, risk concerns, cash flow management, income taxes, investments, and insurance. Then, working from this comprehensive information, the Adviser prepares a detailed financial plan which documents the client’s situation, makes specific goal-oriented recommendations, articulates strategies, priority action items, and identifies all areas which will be impacted. The Adviser’s specific goal-oriented recommendations are designed to educate and allow a client to coordinate and manage his/her financial affairs more efficiently, protect assets, prudently reduce income taxes, enhance investment returns, manage risk in support of achieving personal goals and objectives. As elements of the plan are developed they are discussed with the client and recommendations that the client feels comfortable with are scheduled for implementation with specific deadlines to be met. The Adviser works closely with the client to assist in implementation and execution of the plan, coordination of efforts involving other advisors (attorneys, CPAs, insurance agents, brokers, etc.) and ongoing oversight and management of the planning process and management of client wealth.

### **Discretionary Investment Management**

Investment advisory services offered by The Adviser are specifically tailored to meet the needs of each client. Prior to delivering investment advisory services, the Adviser will ascertain each client’s specific investment objective. Then The Adviser will allocate, or recommend that the client allocate, their investment assets consistent with the designated investment objective. Clients may impose reasonable restrictions on any of the Adviser’s investment advisory services at any time, but restrictions must be delivered to the Adviser in writing, and must be signed by the client. All work related to defining investment goals,

objectives, risk tolerance, asset allocation, client restrictions, and any other matter relating to the investment strategy(s) will be documented in a client customized Investment Policy Statement (IPS).

### **Investment Consulting**

The Adviser works to provide institutional retirement plans and the plan sponsors with diversified investment options for plan participants to choose from. In addition, as requested by the plan sponsor, the Adviser shall provide plan participants with general information seminars and/or educational materials that describe the various investment alternatives available under the plan, information about investing generally, including information about different types of investments, information about different investment allocation strategies, including information about historical returns, and interactive materials designed to help participants identify an appropriate investment strategy.

Please note: For all clients (Financial Planning, Discretionary Investment Management, and Investment Consulting), it is always the client's responsibility to promptly notify The Adviser if there is any change in their financial situation or investment objectives. This notification of change allows The Adviser an opportunity to review, evaluate, or revise previous recommendations or services.

### **Additional Services**

The Adviser may furnish advice on matters not involving securities, such as:

Retirement Income Planning	Personal Financial Planning
Withdrawal Rate Analysis	Education Planning
Cash Flow & Budgeting	Employee Benefits & 401(k) Guidance
Insurance Review & Planning	Corporate Retirement Plan Guidance
Estate & Charitable Gift Planning	Tax Planning
Business Succession	Investment Risk Management

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### **Other Services**

#### **Managed Non-Discretionary Assets**

In addition to providing investment management of client assets on a discretionary basis, the Adviser, for a separate and additional fee, provides certain limited services to clients with respect to "Managed Non-Discretionary Assets." These services consist solely of the following:

The Adviser is available to consult with the client on a semi-annual basis (or more often if requested by the client) regarding the Managed Non-Discretionary Assets. However, the client is solely responsible for all decisions and consequences on the client's Managed Non-Discretionary Assets, including decisions on whether to retain or sell all or a portion of the Managed Non-Discretionary Assets. This responsibility remains solely with the client regardless of whether any security is reflected on account reports prepared by the Adviser.

The Adviser is available to service Managed Non-Discretionary Assets, such as setting up and monitoring regular distributions and special one-time distribution requests.

The Adviser can process any trades on the Managed Non-Discretionary Assets, but only when requested to do so by the client in writing. Upon receipt of any client's written request, the Adviser will endeavor, but cannot guarantee, that any such transaction will be effected on the day received or at any specific time or price.

#### **Limitations for Non-Discretionary Assets**

Clients that engage the Adviser on a non-discretionary investment advisory basis must be willing to accept that the Adviser cannot affect any account transactions without obtaining prior written consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Adviser will be unable to affect any account transactions (as it would for its discretionary accounts) without first obtaining the client's written consent.

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#### **Tailored Relationships**

The Adviser's advisory services are tailored to the specific needs of each client. Prior to providing advisory services, the Adviser will ascertain each client's investment goals and objectives. The Adviser then allocates and/or recommends that the client allocate investment assets consistent with the designated investment objective. The client may, at any time, impose reasonable restrictions on the Adviser's services, but restrictions must be delivered to the Adviser in writing, and must be signed by the client. All work related to defining client investment goals, objectives, risk tolerance, asset allocation, client restrictions, and any other matter relating to the investment strategy(s) will be documented in a client customized Investment Policy Statement (IPS).

In performing services for the client, the Adviser is not required to verify any information it received from the client or from the client's other professionals and the Adviser is expressly authorized by the client to rely on this information. Each client is advised that it remains the client's responsibility to promptly notify the Adviser if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Adviser's previous recommendations or services to the client.

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#### **Managed Assets**

This is the Adviser's initial filing on Form ADV with the U.S. Securities and Exchange Commission. The Adviser does not currently manage any assets.

## **Item 5: Fees and Compensation**

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## **Financial Planning Fees**

An initial meeting is scheduled with a prospective client at no cost or obligation. The purpose of the meeting is to inform the prospective client of the types of services the Adviser provides and to generally discuss what the client desires from such a financial planning relationship. If the prospective client is interested in exploring the Adviser's services in more detail, The Adviser will review the prospective client's personal financial statement (listing of his/her assets and liabilities), recent income tax returns, estate planning documents, insurance policies, as well as current and projected cash flow needs, etc... At a subsequent session, the prospective client is given an idea of the specific value of pursuing this financial planning process and is quoted a fee for the financial planning services to be provided. The financial planning fee is quoted on a project and ongoing oversight management basis and covers projected time and expense associated in working with this client for a twelve-month period. This includes gathering data, developing the written plan, reviewing the plan with appropriate advisers, discussing the plan with the client, implementation, ongoing data aggregation and continuing to review, monitor and update the client's affairs throughout the ensuing twelve months.

The financial planning fee is based upon several factors, including: net worth, gross income, complexity of one's financial affairs, and the time necessary to meet each individual client's goals and priorities. Certain unforeseen expenses may not be included in the financial planning fee and would be billed directly.

Once the client verbally agrees to the personal financial planning process, the process begins. As elements of the plan are completed and the appropriate advisers consulted, meetings are scheduled to discuss the plan and the specific items to be implemented with the client. The client takes from this meeting the action steps necessary to implement that element of the plan.

The financial planning fee is billed to the client monthly as the work is performed and can be paid by the client in any manner suitable to the client within 30 days of the invoice date. The financial planning fee shall be mutually agreed upon in advance by and between the client and the Adviser. Any such fee shall be separate from the asset-based investment management fee unless the client and Advisor agree to combine these fees. The Adviser reserves the right to waive some or the entire financial planning fee. The Fee may range from \$2,500-\$25,000 depending on the complexity of services provided.

The client can terminate the financial planning and/advisory relationship at any time with a 10 days' written notice.

## **Managed Discretionary Asset Fees**

The Adviser bases its annual investment management fee for managed discretionary assets upon a percentage (%) of the market value of the assets



and the specific types of investment management services provided. The Adviser may charge an annual fee of up to 2.00% of assets under management depending on the financial services provided; however, the Adviser may choose to charge a lower asset based fee at its sole discretion. Fees shall be assessed monthly, in advance, based on the asset values as of the day prior to the period being billed. New accounts will be assessed a prorated fee dependent upon the number of days remaining in the quarter.

#### **Managed Non-Discretionary Asset Fees**

The Adviser bases its annual investment management fee for Managed Non-Discretionary assets upon a percentage (%) of market value of the assets and the specific types of investment management services provided. The Adviser may charge an annual investment management fee of up to .50% on Managed Non-Discretionary Assets. Fees shall be assessed monthly, in advance, based on the asset values as of the day prior to the period being billed. New accounts will be assessed a prorated fee dependent upon the number of days remaining in the quarter.

#### **Investment Consulting Asset Fees**

The Adviser bases its annual investment consulting fee for institutional retirement plan assets upon a percentage of the market value of the assets and the specific types of investment consulting services provided. The Adviser charges an annual fee of up to 1.50% of assets under management. The Adviser may choose to charge a lower asset based fee at its sole discretion.

#### **Negotiated Fees**

The Adviser, in its sole discretion, may reduce its investment management fee based upon certain factors, like anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client and other considerations.

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#### **Billing of Fees**

The Adviser's investment management fees shall be assessed monthly, in advance, based on the asset values as of the day prior to the period being billed. New accounts will be assessed a prorated fee dependent upon the number of days remaining in the month. Adviser fees are billed to the client and can be paid by the client in any manner suitable to the client within 30 days of the invoice date

The Adviser will send each client an itemized fee invoice each month – please see Item 15 for additional information. In the event that the Adviser bills the client directly, payment in full is expected upon presentation of the invoice. Upon termination, the client is entitled to a pro rata refund of any prepaid asset management fees based on the number of days remaining in the month following termination.

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**Other Fees**

Unless clients direct otherwise or an individual client's circumstances require, the Adviser generally recommends one of several unaffiliated custodians (e.g., T.D. Ameritrade, Fidelity, Charles Schwab & Co., etc.) serve as the broker-dealer/custodian for client investment accounts. Broker-dealers such as those listed above may charge brokerage commissions and/or transaction fees for effecting certain securities transactions. For example, these custodians may charge commissions for individual equity and fixed income securities transactions or fees may be charged for certain no-load mutual fund transactions. In addition to the Adviser's investment management fee, custodial brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

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**Commission Transactions**

The Adviser can recommend the purchase of no-load mutual fund securities and/or exchange traded funds for implementing investment recommendations. The Adviser does not actively direct clients to traditional, full service /commission brokers. As described earlier, The Adviser generally recommends using the services of a centralized custodian/discount broker.

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

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**Performance-Based and Placement Fees**

Performance-Based Fees ("Performance Fees") are based on a share of the capital gains or capital appreciation of the assets of a client. Placement fees may be paid to individuals and/or entities that raise assets for an offering.

Advisor does not utilize Performance Fees, performance-based fee or Placement fees.

## **Item 7: Types of Clients**

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**Description**

The Adviser predominantly offers its services to individuals, high net worth individuals, pension and profit sharing plans and participants, trusts, estates, charitable organizations, corporations or business entities.

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**Account Minimums**

The Adviser generally requires an account minimum of \$500,000 for investment management services. When a consolidated client account value in this

program falls below \$500,000 in value, the minimum monthly fee of \$833.33 may be charged. Clients with assets at or below the minimum account size may pay a higher percentage rate on their annual advisory fees than the fees paid by clients with significantly greater assets under management.

The Adviser may reduce or waive its minimum asset requirement based upon certain factors, like anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client and other considerations. Other exceptions may apply to employees of the Adviser and their relatives, or relatives of existing clients.

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

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

The Adviser's security analysis methods may include fundamental analysis, technical analysis, charting and cyclical analysis.

The main sources of information for analysis include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Additional research tools and sources of information that the Adviser may use include mutual fund and stock information provided by unaffiliated third parties (e.g., Morningstar, etc.) and many other reports located on the Internet using the World Wide Web.

The Adviser may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases: (securities held at least a year)
- Short Term Purchases: (securities sold within a year)
- Trading: (securities sold within thirty (30) days)
- Options: (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Strategic and Tactical Asset Allocation may be utilized with domestic mutual funds, exchange-traded funds, and/or separately managed accounts (i.e. professionally managed stock and bond portfolios) as the core investments. Sector funds, alternative strategies, opportunistic plays, commodities, and specialty exchange-traded funds may be added as satellite positions. Portfolios may be further diversified among large, medium and small sized investments as well as value, core, and growth strategies along with international developed and emerging market countries in an effort to control the risk associated with

traditional markets. Investment strategies designed for each client are based upon specific objectives stated by the client during consultations. Clients may change their specific objectives at any time.

Please Note: Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy recommended or undertaken by the Adviser will be profitable or equal to any specific performance level. Investing in securities involves risk of loss that clients should be prepared to bear.

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## **Risks of Loss**

Risk is inherent in any investment in securities and the Adviser does not guarantee any level of return on a client's investments. There is no assurance that a client's investment objectives will be achieved. A client may be subject to certain risks, including, but not limited to, the risks described below. The risks discussed below vary by investment style or strategy, and may or may not apply to a client. A client should also review the prospectuses or other disclosure documents for the securities purchased for the client's account, as they will contain important information about the risks associated with investing in such securities.

Investment strategies recommended by the Adviser may also be subject to some or all of the following types of risk:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They may carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers

who buy electricity no matter what the economic environment is like.

- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many investors are interested in buying or selling a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Please Note: In light of these risks of loss and potentially enhanced volatility, clients may direct the Adviser, in writing at any time, not to employ any or all of the investment strategies recommended by The Adviser for their account.

## **Item 9: Disciplinary Information**

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### **Legal and Disciplinary**

The Adviser has not been the subject of any legal or disciplinary actions.

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

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### **Other Financial Industry Activities**

The Adviser is not registered as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor. The Firm is an affiliate of Culmen Real Estate Services, Inc.—a property management and real estate asset management provider. Real Estate asset management services include, but are not limited to advising on buying/selling/retaining/repurposing property; lease negotiations, debt structuring, and budgeting and/or other services that may impact property.

### **Affiliations**

Several investment advisory representatives of the Adviser are also certified public accountants (CPAs). As CPAs, these investment advisory representatives ("IARs") offer certain accounting services to clients for compensation. Such compensation is in addition to, and separate from the compensation they receive from the Adviser for providing investment advice unless the client and Advisor agree to combine these fees. Clients have no obligation to use accounting services offered by the Adviser's IARs.

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

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### **Code of Ethics**

The Adviser maintains an investment policy for personal securities transactions at its business and it is part of the Adviser's general Code of Ethics (the "Code"). The Adviser establishes the standard of business conduct for all employees that are based on the fundamental principles of openness, integrity, honesty and trust. The Adviser also maintains and enforces written policies reasonably designed to prevent the Adviser or any person associated with Adviser from misusing material non-public information to comply with Section 204A of the Investment Advisers Act. Neither the Adviser, nor any related person of the Adviser, will recommend, buy, or sell securities within client accounts which the Adviser or a related person of the Adviser may have a material financial interest.

A copy of the Adviser's Code is available to any client or potential client upon request.

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### **Participation or Interest in Client Transactions**

The Adviser and/or its representatives may engage in securities transactions for their own accounts, including the same or related securities that are recommended to or owned by clients of the Adviser. These transactions may include trading in securities in a manner that differs from, or is inconsistent with, the advice given to clients of the Adviser, and the transactions may occur at or about the same time that such securities are recommended to or are purchased or sold for client accounts. This creates a potential for a conflict between the interest of the clients and the interests of the Adviser and/or its representatives.

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### **Personal Trading**

To address the potential for conflict of interests, the Adviser has adopted a Code that applies to its representatives who have access to non-public information relating to advisory client accounts ("Access Persons"). The Code prohibits Access Persons from using knowledge about advisory client account transactions to profit personally, directly or indirectly, by trading in his/her personal accounts. In addition, an Access Person who has discretionary authority over client accounts must generally pre-clear his/her trades or obtain prior authorization from the Adviser's Chief Compliance Officer before executing a trade. Unless an enumerated exception exists, the Code also prohibits Access Persons who have discretionary authority over client accounts from executing a security transaction for their personal accounts during a blackout period that can extend from one to seven days before or after the date that a client transaction in that same security is executed.

## Item 12: Brokerage Practices

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### Broker-Dealer Selection

The Adviser selects broker-dealers to execute trade order for a client's account, unless the client has provided instructions to the Adviser to the contrary. As an investment adviser, the Adviser has an obligation to seek "best execution" of client trade orders. "Best execution" means that the Adviser must place client trade orders with those broker-dealers that the Adviser believes are capable of providing the best qualitative execution of client trade orders under the circumstances, taking into account the full range and quality of the services offered by the broker-dealer. When selecting a broker or dealer, the Adviser may consider the following factors: (i) client preferences, (ii) execution capability and past execution performance, (iii) access to markets, (iv) commission rates, (v) financial standing of executing firm and counterparty risk, (vi) timeliness in rendering services, (vii) availability, cost and quality of custodial services, and (viii) continuity and quality of the overall provision of services.

The Adviser may also purchase or sell debt securities through electronic trading platforms. These electronic trading platforms typically provide access to bids and offers from a greater number of dealers on a timely basis; however, these electronic platforms may impose an execution or transaction fee imbedded in the price paid or received for the security (i.e., a markup or markdown).

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### Research and Other Soft Dollar Benefits

The Adviser does not receive research in addition to execution services from a broker-dealer in connection with its clients' securities transactions. These research benefits are commonly referred to as "soft dollar benefits." The Adviser may from time to time receive generic market commentaries or market research from broker-dealer firms. However, the receipt of those materials is not tied to the execution of client transactions.

The Adviser seeks to select broker-dealers based upon the broker's or dealer's ability to provide best execution, and the Adviser will not cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers for the purpose of obtaining soft dollar benefits. Furthermore, the Adviser does not select broker-dealers to execute transactions for client accounts based upon client referrals received from broker-dealers.

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### Order Aggregation, Allocation and Rotation Practices

In order to seek best execution for clients, the Adviser may aggregate contemporaneous buy and sell orders for the accounts over which it has discretionary authority. This practice of bunching trades may enable the Adviser to obtain more favorable execution, including better pricing and

enhanced investment opportunities, than would otherwise be available if orders were not aggregated. Bunching transactions may also assist the Adviser in potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate, successive or competing, client orders.

It is within the Adviser's sole discretion to bunch transactions and its decision is subject to its duty to seek best execution. The Adviser will aggregate a client's trade orders only when the Adviser deems it to be appropriate and in the best interests of the client and permitted by regulatory requirements.

All advisory clients participating in a bunched transaction will receive the same execution price for the security bought or sold. Average prices may be used when allocating purchases and sales to a client's accounts because such securities may be purchased and sold at different prices in a series of bunched transactions. As a result, the average price received by a client may be higher or lower than the price the client may have received had the transaction been effected for the client independently from the bunched transaction. In addition, a client's transaction costs may vary depending upon, among other things, the type of security bought or sold, and the commission or markup or markdown charged by the executing broker-dealer.

The amount of securities available in the marketplace, at a particular price at a particular time, may not satisfy the needs of all clients participating in a bunched transaction and may be insufficient to provide full allocation across all client accounts. To address this possibility, the Adviser has adopted trade allocation policies and procedures that are designed to make securities allocations to discretionary client accounts in a manner such that all such clients receive fair and equitable treatment. If a bunched transaction cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day will generally be allocated pro rata among the clients participating in the bunched transaction. Adjustments to this pro rata allocation may be made, at the discretion of the Adviser, to take into consideration account specific investment restrictions, undesirable position size, account portfolio weightings, client tax status, client cash positions and client preferences. Adjustments may also be made to avoid a nominal allocation to client accounts.

When the Adviser is not able to aggregate trades, the Adviser generally uses a trade rotation process that is designed to be fair and equitable to its clients.

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### **Directed Brokerage**

The Adviser will comply with any guidelines and/or limitations reasonably requested by a client relating to brokerage for the client's account that are contained in the client's investment management agreement. When possible, the Adviser will also observe any non-binding statement of client preferences



with respect to brokerage direction.

If a client directs the Adviser to use a particular broker-dealer for execution of the client's trade orders (a "directed brokerage arrangement"), and the Adviser agrees to the arrangement, a client should understand that the Adviser may be unable to achieve best execution for the client's transactions. Any costs related to the directed brokerage arrangement are not included in the Adviser's fee, and the client is solely responsible for monitoring, evaluating and reviewing the arrangement with the directed broker-dealer and paying any commissions or markups or markdowns or other costs imposed by the directed broker-dealer. Additionally, the Adviser generally will not aggregate the client's directed brokerage trade orders with orders for other clients of the Adviser or include such orders in its trade rotation process.

If the Adviser aggregates a client's directed brokerage trade orders with trade orders for other clients of the Adviser, the Adviser may employ the use of "step-outs" to satisfy the client's directed brokerage arrangement. A "step-out" occurs when an executing broker executes the trade and then "steps out" the trade to a clearing broker (which would be the directed broker-dealer in a directed brokerage arrangement) that confirms and settles the trade. In such a case, a client will bear the costs of any commissions, markups or markdowns imposed by the executing broker-dealer in addition to the costs of any commissions, markups or markdowns imposed by the directed broker-dealer.

If a client directs the Adviser to use a particular broker-dealer, and if the particular broker-dealer referred the client to the Adviser or if the particular broker-dealer refers other clients to the Adviser in the future, the Adviser may benefit from the client's directed brokerage arrangement. Because of these potential benefits, the Adviser may have an economic interest in having the client continue the directed brokerage arrangement. The benefits that the Adviser receives may conflict with the client's interest in having the Adviser recommend that the client utilize another broker-dealer to execute some or all transactions for the client's account.

Before directing the Adviser to use a particular broker-dealer, a client should carefully consider the possible costs or disadvantages of directed brokerage arrangements.

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### **Trading Error Policy**

If there is a trade error for which the Adviser is responsible, trades will be adjusted or reversed as needed in order to put the client's account in the position that it would have been in as if the error had not occurred. Errors caused by the Adviser will be corrected at no cost to client's account, with the client's account not recognizing any loss from error. The client's account will be fully compensated for any losses incurred as a result of any such error. If the trade error results in a gain, the gain may be retained by the Adviser.

## Item 13: Review of Accounts

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### Periodic Reviews

The Adviser's portfolio management team performs periodic reviews on transactions in each client account. The portfolio management team generally reviews reports documenting each account's performance compared to the performance of a relevant benchmark index at least monthly.

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### Review Triggers

In addition to periodic reviews, the Adviser may conduct account reviews when a triggering event, like a change in client investment objectives, financial situation, market correction or client request occurs.

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### Regular Reports and Electronic Delivery

The Adviser generally provides written investment summary reports to clients on a quarterly basis. These quarterly investment summary reports contain the client account's holdings, yield, cash flow, gains and losses, and quarterly interest earnings. The Adviser may provide additional information in the investment summary report to meet the specific reporting needs of a client as the client and the Adviser may agree.

All client correspondence, as well as all books and records of the Adviser, will be delivered and stored as electronic images and the originals of the electronically stored documents shall be destroyed. Thereafter, all electronic documents shall be deemed to serve as an original copy.

## Item 14: Client Referrals and Other Compensation

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### Other Compensation

The Adviser and its representatives may receive certain economic benefits in connection with providing advisory services to clients, as discussed above.

The Adviser may also receive compensation for referring clients or prospective clients to financing companies. When applicable, the Adviser may receive a "finder's fee", paid as a percentage of total revenue the financing company earns from the relationship. Clients always have the ability to not accept the Advisers recommendation and seek another Firm or person for financing options.

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**Client Referrals**

The Adviser may provide compensation to individuals who refer clients in some instances. When applicable, the compensation paid is a percentage of the client's fee payments or the value of the client's account. The amount of compensation will vary, with the specific level determined based upon consideration of various factors. The Adviser may pay these fees to unaffiliated solicitors that have entered into a written agreement with the Adviser.

**Item 15: Custody**

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**Custody**

Each client is responsible for appointing the client's custodian, which will have possession of the assets of the client's account and settle transactions for the account. Clients must choose a service provider unaffiliated with the Adviser to serve as custodian.

From time to time, the Adviser may recommend a particular firm to a client to serve as the client's custodian. If the client chooses a recommended custodian, the Adviser will, if instructed by the client and the Adviser agrees, pay the custodial fee of the client until the agreement between the Adviser and client is terminated or as otherwise determined by the Adviser. If the client does not choose a recommended custodian, the Adviser will not pay the client's custodian fee and it will be the obligation of the client to pay such custodian fee.

A client who uses a third party custodian authorizes the Adviser to give instructions to the client's custodian for all actions necessary or incidental to the purchase, sale, exchange, and delivery of securities held in the client's account. Also, the client will receive account statements directly from their selected custodian. Clients should carefully review those account statements and compare them with any account statements provided by the Adviser.

**Item 16: Investment Discretion**

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**Discretionary Authority for Trading**

Clients can determine to engage the Adviser to provide investment advisory services on a discretionary basis. Prior to the Adviser assuming discretionary authority over a client's account, the client is required to execute an investment management agreement with the Adviser, naming the Adviser as client's attorney and agent in fact, granting the Adviser full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

The Adviser generally accepts reasonable limitations to its discretionary authority with respect to brokerage direction and securities selection, including

the designation of particular securities or types of securities that should not be purchased for the client's account, but the client may not require that particular funds or securities (or types) be purchased for the client's account. Any such limitations agreed to by a client and the Adviser are generally included as an addendum to the client's investment management agreement or in a separate letter of understanding. When possible, the Adviser will also attempt to observe any non-binding statement of client preferences with respect to factors such as brokerage direction, holding periods, and securities selection.

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**Non-Discretionary Authority for Trading**

Clients may also select the Adviser's non-discretionary service module. Clients retain final say in investment selection and decision making. The Adviser works closely with the client to tailor investment strategy to the client's goals and needs, and consults with the client prior to making trades or other changes to the investment portfolio. The Adviser proactively provides the client with investment ideas and a view on current market situations but no transactions are carried out without prior client approval. The Adviser's non-discretionary services also include, amongst other things, (i) careful monitoring of the client's portfolio to ensure that it remains within investment guidelines; (ii) regular performance updates; and (iii) access to seasoned investment professionals prior to making final investment decisions.

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**Investment Consulting**

The Adviser also assists clients with the selection and monitoring of retirement plan assets, offering a well-designed and well-documented process. The Adviser seeks to design an overall investment menu utilizing a risk-budgeting process that addresses the different expectations of return found in varying asset classes. The Adviser seeks strong managers that complement each other, creating overall value to the client and plan participants.

## **Item 17: Voting Client Securities**

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**Proxy Votes**

The Adviser does not typically recommend or select for client accounts securities that have voting rights. However, by signing an investment management agreement, the client authorizes and delegates the right to the Adviser to vote proxies with respect to the securities held in its account.

The Adviser has adopted written policies and procedures that are reasonably designed to ensure that it votes client securities in the best interests of the client. Those procedures address material conflicts of interest that may arise between the Adviser's interests and those of its clients. Clients may obtain information on the Adviser's proxy votes with respect to securities held in their accounts by contacting the Adviser's Chief Compliance Officer. Additionally,

the Adviser will furnish a copy of its proxy voting policies and procedures to clients upon their request.

In situations in which a client has delegated to the Adviser voting authority with respect to securities in the client's account, the Adviser will monitor corporate events and vote proxies in a manner that the Adviser believes is consistent with the client's best interests.

## **Item 18: Financial Information**

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### **Financial Information**

The Adviser does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet dated not more than 90 days prior to the date of this brochure. The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has it been the subject of a bankruptcy petition at any time during the past ten years.