

# **Cherry Creek Investment Advisors, Inc.**

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CherryCreekInvestmentAdvisors.Com

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## **Item 1 - Cover Page**

This Brochure provides information about the qualifications and business practices of Cherry Creek Investment Advisors, Inc. (CCIA). If you have any questions about the contents of this Brochure, please contact us at (303) 320-5774 or [info@cherrycreekinvestmentadvisors.com](mailto:info@cherrycreekinvestmentadvisors.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.

Cherry Creek Investment Advisors, Inc. is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide the client with information which can be used to determine whether to hire or retain an Advisor.

Additional information about Cherry Creek Investment Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since our last annual amendment filed on 03/21/2023, the Firm has the following material changes to report:

- Item 9: This item has been updated to disclose a recent regulatory action with the Florida Office of Financial Regulation

In the past, CCIA has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that our clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our businesses' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide our clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting either Sean Castle or Trish McNamara at (303) 320-5774 or [info@cherrycreekinvestmentadvisors.com](mailto:info@cherrycreekinvestmentadvisors.com). Our Brochure is also available on our web site [Cherrycreekinvestmentadvisors.com](http://Cherrycreekinvestmentadvisors.com) free of charge.

Additional information about Cherry Creek Investment Advisors, Inc. is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with CCIA who are registered or are required to be registered, as investment advisor representatives of CCIA.

### **Item 3 - Table of Contents**

Item 1 - Cover Page .....	1
Item 2 – Material Changes.....	2
Item 3 - Table of Contents .....	3
Item 4 – Advisory Business.....	4
Item 5 – Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	7
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 – Disciplinary Information.....	13
Item 10 – Other Financial Industry Activities and Affiliations.....	13
Item 11 – Code of Ethics .....	13
Item 12 – Brokerage Practices.....	14
Item 13 – Review of Accounts .....	18
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	19
Item 16 – Investment Discretion .....	20
Item 17 – Voting Client Securities .....	20
Item 18 – Financial Information .....	20

## **Item 4 – Advisory Business**

Cherry Creek Investment Advisors, Inc. (CCIA) was founded in 1994 by Sean Castle and Patricia McNamara. CCIA offers professional investment advisory services to the private investor. These services include analyzing the client's current financial objectives, risk constraints, designing and implementing an individually tailored investment portfolio to meet these needs. As of December 31, 2023, we managed \$207,495,198 in client assets on a discretionary basis for 258 client accounts. We do not manage non-discretionary accounts.

### **Robo Advisory services (Right Track).**

We also offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETF"s) and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program.. We are independent of and not owned by, affiliated with, or sponsored or supervise by SPT, CS&Co., or their affiliates. We and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the program. The platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the system in response to the client's answers to the online questionnaire. The client may then indicate and interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge a flat .75bps as described below in Item 5. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program.

Because we maintain \$100 million in client assets in accounts at CS&Co that are not enrolled in the program we do not pay SWIA and fees for its services in the Program.

The Right Track offering is a digital limited contact program. These clients are not entitled to our full suite of services. Occasional contacts by phone or Email, a weekly digital newsletter, as well as an annual meeting opportunity, as requested by the client are

included.

As an independent firm, we work for our clients only and base all of our investment decisions on objective analysis and independent research. All client account information is kept in strict confidence. Each account is managed individually by a professional portfolio manager.

Some of the additional services we offer include but are not limited to retirement planning, monthly investment plans for education and retirement, consultation on estate planning, asset valuation and strategies for financial planning.

### **Retirement Plan Rollovers**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

By acting in your best interest, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan
2. Moving the funds to a new employer's retirement plan
3. Cashing out and taking a taxable distribution from the plan
4. Rolling the funds into an IRA rollover account

Each of these options has advantages and disadvantages and prior to making a decision you should carefully review the information regarding your rollover options and discuss any questions with your investment adviser representative.

In the event CCIA recommends that a client roll over their retirement plan assets into an account to be managed by the Firm, such a recommendation creates a conflict of interest.

The conflict of interest exists because the Firm will receive compensation (management fees) if the money is rolled over. No client is under any obligation to rollover retirement plan assets to an account managed by CCIA. CCIA's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

## **Item 5 – Compensation**

### **All fees are subject to negotiation.**

The specific manner in which fees are charged by CCIA is established in a client's written agreement with CCIA. The Client will be billed in advance on the first day of every quarter based upon the market value of the portfolio (less accrued dividends) on the last day of the preceding quarter. The fee will be calculated by multiplying the market value of the portfolio by .25% of the scheduled fee. Should a client relationship become effective prior to the first day of a quarter, a fee will be charged for that quarter on a pro-rata basis. Further, management fees shall be prorated for each capital contribution made during the applicable calendar quarter (with the exception of de minimis contributions).

The following is a base schedule of the annual fees for our full-service offering:

\$100,000 & under	1.50% annually
\$100,001-500,000	1.25% annually
\$500,001-\$1,000,000	1.00% annually
\$1,000,001 +	0.75% annually *

\*When managed assets for a household exceed \$10,000,00.00 the balance above \$10,000,000.00 is charged .50bps

The above fees may be negotiable and vary above or below the base schedule according to the client's objectives, the assets held in the account and the investment and portfolio modeling strategies implemented to reach the client's predetermined goals. Variations from the above fee schedule will be outlined in the Investment Management Agreement.

**The fees for the Right Track Digital platform are a flat rate of .75%.** Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenue in connection with the Program, as described in the Program Disclosure Brochure.

Either party may terminate the relationship at any time upon written notice, which shall become effective within 30 business days after receipt. Should termination become effective on any day other than the last day of a quarter, fees will be refunded on a pro-rata basis no later than the following quarter.

CCIA fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges

imposed by custodians, brokers, third party investment firms and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge an internal management fee which is disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to CCIA fees, and CCIA shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that CCIA considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

CCIA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

CCIA provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, private investment funds, trust programs, and other U.S. institutions.

In general, we do not require a minimum dollar amount to open and maintain an advisory account.

The Right Track program is offered to individuals, IRAs and revocable living trusts. Clients must have at least \$5,000 to open a Right Track digital account. The minimum account balance to enroll in tax-loss harvesting feature is \$50,000.

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

**Investing involves risk, including potential for loss that clients should be prepared to bear.**

**Diversification does not assure a profit or protect against loss.**

CCIA is in a unique position for money managers when it comes to understanding the client's investment objective and guidelines. As a two-person firm, we manage the assets of the clients that we have come to know as they came into the firm. Clients are not brought in by one individual or team of individuals and their accounts managed by a different individual or team. We have close contact with all our clients via phone conversations, email, personal meetings and quarterly statements. It is this personal service that makes CCIA successful and ensures the portfolio management processes are consistent with the investment objective of the client.

There are no cookie-cutter portfolios at CCIA. All our portfolios are individually tailored to meet the financial objective and risk parameters of our clients. CCIA may use all instruments necessary to meet these goals and objectives. CCIA may invest the assets of the client in domestic or foreign securities including common and preferred stocks, convertible securities, bonds, money markets, debentures, and other corporate obligations, U.S. Government or Agency securities, municipal obligations, open end or closed end mutual funds, ETFs, CDs, precious metals, and any other securities which it believes offer opportunities for achieving the investment objectives of the client.

While particular securities may be in one or all of our accounts, security selection is individually tailored for each client. CCIA depends heavily on internal research for investment decisions. In addition, we use outside research to supplement our proprietary research. All investment decisions are objective in nature and made only because we believe them to be the best fit for the client at the time. CCIA does not receive any outside remuneration via commissions, kick-backs, fees or any other income.

CCIA believes diversification, income generation, preservation of capital and growth are all important aspects of investing. We generally hold our investments for extended periods of time and are not active traders although a few clients might opt for a more active trading account. Excessively trading accounts can have a negative effect on the returns via custodian fees charged to implement the trade. That being said, clients will occasionally see these charges in their accounts. Our custodians charge small fees on stock trades, bond trades executed away from the custodian and some mutual funds etc. Additional fees may be charged by either the fund company or the custodian if they are not held for a specific amount of time. All mutual funds have internal management fees that are described in their prospectuses.

The Right Track digital offering portfolios are limited to ETF's and cash. These portfolios are offered on a risk-adjusted basis based on client input. These portfolios are subject to all the investment risks mentioned above including and especially market risks and liquidity risk. In extreme market events ETF's may not be as liquid as other investment vehicles.

**While care is given to all of our investment decisions, positive returns cannot be guaranteed and loss of capital is always a possibility. Losses may occur but not be limited to the following reasons: individual security performance, market risk, world events, government defaults, politics, terrorism, natural disasters, pandemics or other seen or unforeseen events.**

## **Trading Practices**

**Best Execution**--Under the Investment Advisors Act of 1940, every registered investment advisor, including an investment advisor to a mutual fund, has a duty to obtain "best execution" on all securities transactions for their clients. CCIA is committed to achieving best execution with respect to the client's security transactions. Our primary broker dealer, Charles Schwab and Company is a leader in trade flow technology and committed to:

**Order Routing** -- The following excerpt is Schwab's statement on best execution:



In arranging for the execution of Non-Directed Orders for equities and listed options, Schwab seeks out industry-leading execution services and access to the best-performing markets. Schwab routes orders for execution to unaffiliated broker-dealers, who may act as market maker or manage execution of the orders in other market venues and also routes orders directly to major exchanges.

Schwab considers a number of factors in evaluating execution quality among markets and firms, including execution price and opportunities for price improvement, market depth and order size, the trading characteristics of the security, speed and accuracy of executions, the availability of efficient and reliable order handling systems, liquidity and automatic execution guarantees, the likelihood of execution when limit orders become marketable, and service levels and the cost of executing orders at a particular market or firm. Price improvement when an order is executed at a price more favorable than the displayed national best bid or offer. Schwab regularly monitors the execution quality obtained to ensure orders are routed to market venues that have provided high-quality executions over time.

**Relationships with Market Venues--** A principal benefit of executing orders through liquidity providers is the higher likelihood of price improvement such firms can provide, as well as enhanced liquidity or price protection for larger orders (i.e., executions at greater size than the limited size displayed at the current market quote). Schwab tracks execution data closely and maintains order routing arrangements with leading liquidity providers to maximize opportunities for price improvement and liquidity enhancement.

**In the 4th Quarter of 2023, Schwab clients received \$446 million in price improvement on their equity and option orders, in addition to enhanced liquidity for larger orders provided by liquidity providers.**

## **Risk of Loss**

**General Risks.** Investing in securities always involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives can or will be met. Past performance is in no way an indication of future performance. We also cannot assure that third parties will satisfy their obligations in a timely manner or perform as expected or marketed.

**General Market Risk.** Investment returns will fluctuate based upon changes in the value of the portfolio securities. Certain securities held may be worth less than the price originally paid for them, or less than they were worth at an earlier time.

**Common Stocks.** Investments in common stocks, both directly and indirectly through investment in shares of ETFs, may fluctuate in value in response to many factors, including, but not limited to, the activities of the individual companies, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject

certain strategies to potential losses. During temporary or extended bear markets, the value of common stocks will decline, which could also result in losses for each strategy.

**Portfolio Turnover Risk.** High rates of portfolio turnover could lower the performance of an investment strategy due to increased costs and may result in the realization of capital gains. If an investment strategy realizes capital gains when it sells its portfolio investments, it will increase taxable distributions to you. High rates of portfolio turnover in a given year would likely result in short-term capital gains and under current tax law you would be taxed on short-term capital gains at ordinary income tax rates, if held in a taxable account.

**Non-Diversified Strategy Risk.** Some investment strategies may be non-diversified (e.g., investing a greater percentage of portfolio assets in a particular issuer and owning fewer securities than a diversified strategy). Accordingly, each such strategy is subject to the risk that a large loss in an individual issuer will cause a greater loss than it would if the strategy held a larger number of securities or smaller positions sizes.

**ETF Risks, including Net Asset Valuations and Tracking Error.** An ETF's performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depository Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by the Firm plus any advisory fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore directly affect the ETF's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

**Mutual Funds.** Mutual fund investing involves risk; principal loss is possible. Investors will pay embedded fees and expenses, even when investment returns are flat or negative. Investors cannot influence the securities bought and sold, or the timing of transactions which may result in undesirable tax consequences.

**Alternative Investments.** Investing in alternative investments (“alts”) involves risk; principal loss is possible. Alts may react in similar or opposite directions of the market based on the type of investment. Alts present the risk of illiquidity and limited markets, which may limit our ability to timely sell these investments at a fair and competitive price. Exposure to Alts may be achieved via an investment in mutual funds, which risks are explained above.

**Mortgage and Asset Backed Security Risk.** Mortgage and asset-backed securities are debt instruments that are secured by interests in pools of mortgage loans or other financial assets. The value of these securities will be influenced by the factors affecting the assets underlying such securities, swings in interest rates, changes in default rates, or deteriorating economic conditions. During periods of declining asset values, mortgage-backed and asset-backed securities may face valuation difficulties, become more volatile and/or illiquid.

**Liquid alternatives risks.** Liquid Alternative Funds are funds that use non-traditional investment strategies in an effort to generate returns and provide diversification. These funds can be traded like mutual funds or ETFs, providing liquidity, however they do come with risks. Risks that may be associated with liquid alternative investments include: (1) Leverage - Leverage may enhance a fund's returns in up markets but exacerbate returns in a bad market. Some firms with leverage inherent in their portfolios may experience "margin calls" in the event of liquidity dry-ups or if certain counterparties cannot provide the leverage needed; (2) Shorting - Certain securities may be difficult to sell short at the price that the manager would wish to execute a trade. A short position has the possibility of an infinite loss if a security continues to go up in price and the manager does not cover; (3) Security valuation - Certain securities held in alternative Funds, such as derivatives or thinly traded stocks, bonds or swaps may not have a market in which the money manager can trade it quickly to raise cash in case of fund redemptions. High bid/ask spreads or the lack of another buyer/seller to take the opposite position of a thinly traded security could cause inaccurate estimates in underlying security valuation by the administrator; and (4) Nightly reconciliation - The use of thinly traded securities, shorting and leverage may make it difficult for some alternative funds, based on their investment strategy, to provide accurate nightly NAVs for the mutual fund.

**Inflation, Currency, and Interest Rate Risks.** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by the Firm may be affected by the risk that currency devaluations affect Client purchasing power.

**Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the

particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. Your investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert your investment to cash or other assets.

**Legislative and Tax Risk.** Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded Products/Funds/Securities. We do not engage in tax planning, and in certain circumstances a Client may incur taxable income on their investments without a cash distribution to pay the tax due. Clients and their personal tax advisors are responsible for how the transactions in their account are reported to the IRS or any other taxing authority.

**Information Security Risk.** We may be susceptible to risks to the confidentiality and security of its operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on our website or websites of our third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by us and other investment advisers. Data security breaches of our electronic data infrastructure could have the effect of disrupting our operations and compromising our customers' confidential and personally identifiable information. Such breaches could result in an inability of us to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers. We have taken and will continue to take steps to detect and limit the risks associated with these threats.

**Tax Risks.** Tax laws and regulations applicable to an account with the Firm may be subject to change and unanticipated tax liabilities may be incurred by an investor as a result of such changes. In addition, customers may experience adverse tax consequences from the early assignment of options purchased for a customer's account. Customers should consult their own tax advisers and counsel to determine the potential tax-related consequences of investing.

**Dependence on Key Employees.** An accounts success depends, in part, upon the ability of our key professionals to achieve the targeted investment goals. The loss of any of these key personnel could adversely impact the ability to achieve such investment goals and objectives of the account.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of CCIA or the integrity of CCIA.

12/18/2023 – The Florida Office of Financial Regulation found that Patricia McNamara rendered investment advice from a location in Florida without being registered by the Office. Ms. McNamara accepted a fine as a result.

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

CCIA does not have any other financial industry activities or affiliations.

## **Item 11 – Code of Ethics**

CCIA has adopted a Code of Ethics for all supervised persons of the firm describing its' high standard of business conduct, and fiduciary duty to its' clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items and personal securities trading procedures among other things. All supervised persons at CCIA must acknowledge the terms of the Code of Ethics annually, or as amended.

CCIA anticipates that, in appropriate circumstances, consistent with client's investment objectives, it will cause accounts over which CCIA has management authority to affect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which CCIA, its' affiliates and/or clients, directly or indirectly, have a position of interest. CCIA employees and persons associated with CCIA are required to follow CCIA Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of CCIA and its' affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CCIA clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CCIA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of CCIA clients.

In some circumstances employees are permitted to invest in the same securities as clients, and there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics and to reasonably prevent conflicts of interest between CCIA and its' clients.

Certain affiliated accounts may trade in the same securities with client accounts when consistent with CCIA's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average

price. CCIA will retain records of the trade order (specifying each participating account) and its' allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro-rata basis. Any exceptions will be explained on the Order. Many of the securities CCIA invests in are extremely liquid and heavily traded. In almost all cases, CCIA trade volume will have no effect on the underlying price of the security. Due to the individual nature of our client's portfolios, the same security may be purchased for one client while being sold for another or vice versa. The nature of any security may change so that it is no longer suitable for some clients while it may be suitable for others. In addition, purchases or sales may be made in the same security at different times for different clients based on the view of our managers.

CCIA clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Sean Castle or Patricia McNamara.

It is CCIA's policy that the firm will not affect any principal or agency cross security transactions for client accounts. CCIA will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for his own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

CCIA does not maintain custody of client assets that it manages, although CCIA may be deemed to have custody of client assets if the client gives CCIA authority to withdraw assets from a client's account for the client's behalf (see *Item 15 – Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. CCIA may recommend that clients establish brokerage accounts with the Schwab Advisor Services, division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of client's assets and to affect trades for their accounts. CCIA is independently owned and operated and not affiliated with Schwab. Schwab provides CCIA with access to its' institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients assets is maintained in accounts at Schwab Institutional, and *are not otherwise contingent upon an Advisor committing to Schwab any specific amount of business (assets in custody or trading)*. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

CCIA is independently owned and operated and is not affiliated with Schwab. Schwab will hold CCIA's client assets in a brokerage account. Schwab will buy and sell securities when CCIA instructs them to do so. While CCIA recommends clients to use Schwab as their custodian/broker, the client will decide whether to do so and will open an account with Schwab by entering into an account agreement directly with them. CCIA does not open the account for clients, although CCIA may assist the client in doing so. Even though a client account is maintained at Schwab, CCIA can still use other brokers to execute trades for a client account as described below (see *"Your Brokerage and Custody Costs"*).

### **How CCIA Selects Brokers/Custodians**

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

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody).
- Capability to execute, clear, and settle trades (buy and sell securities for a client's account).
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.).
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.).
- Availability of investment research and tools that assist CCIA in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate prices.
- Reputation, financial strength, and stability.
- Prior service to CCIA and other clients.
- Availability of other products and services that benefit CCIA, as discussed below (see *"Products and Services Available to Us From Schwab"*).

## **Client's Brokerage and Custody Costs**

For CCIA client accounts maintained in its' custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab charges clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that CCIA has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account.

These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, CCIA has Schwab execute most trades for the client's account.

CCIA has determined that having Schwab execute most trades is consistent with its' duty to seek "best execution" of the client's trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *"How CCIA Selects Brokers/Custodians"*).

## **Products and Services Available to CCIA From Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like CCIA. They provide CCIA and their clients with access to its' institutional brokerage services—trading, custody, reporting, and other related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help CCIA manage or administer client's accounts, while others help CCIA manage and grow the business. Schwab's support services generally are available on an unsolicited basis (CCIA does not have to request them) and at no charge to the firm as long as the clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If the clients collectively have less than \$10 million in assets at Schwab, Schwab may charge CCIA quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

### **Services That Benefit the Client**

Schwab's institutional brokerage service includes access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which CCIA might not otherwise have access or that would require a significantly higher minimum initial investment by the clients. Schwab's services described in this paragraph generally benefit the client and their account.

### **Services That May Not Directly Benefit the Client**

Schwab also makes available to CCIA other products and services that benefit the firm but



may not directly benefit the client or their account. These products and services assist CCIA in managing and administering the client's accounts. They include investment research, both Schwab's own and that of third parties. CCIA may use this research to service all or a substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements).
- Facilitate trade execution and allocation of aggregated trade orders for multiple client accounts.
- Provide pricing and other market data.
- Facilitate payment of CCIA fees from the client's accounts.
- Assist with back-office functions, recordkeeping and client reporting services that generally benefit only CCIA. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:
  - Educational conferences and events.
  - Consulting on technology, compliance, legal, and business needs.
  - Publications and conferences on practice management and business succession.
  - Access to employee benefits providers, human capital consultants and insurance providers. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to CCIA. Schwab may also discount or waive its' fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **CCIA'S Interest in Schwab's Services**

The availability of these services from Schwab benefits CCIA because the firm does not have to produce or purchase them. CCIA does not have to pay for Schwab's services as long as CCIA's clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon CCIA committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give CCIA an incentive to recommend that the client maintain their account with Schwab, based on the firm's interest in receiving Schwab's services that benefit its' business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of the client's transactions. This is a potential conflict of interest. CCIA believes, however, that the selection of Schwab as custodian and broker is in the best interests of the clients. CCIA's selection is primarily supported by the

scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only the firm. As of the date of this brochure, **we have \$in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.**

Schwab also makes available to CCIA other products and services that benefit CCIA but may not benefit client accounts. Some of these other products and services assist CCIA in managing and administering client's accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of CCIA fees from its' clients accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of CCIA accounts including accounts not maintained at Schwab Institutional.

Schwab Institutional also makes available to CCIA other services intended to help CCIA manage and further develop its' business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to CCIA by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CCIA. While as a fiduciary, CCIA endeavors to act in its' clients best interests. And CCIA's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to CCIA of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Further, soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

### **Item 13 – Review of Accounts**

Each account will be reviewed on a regular basis with certain accounts reviewed more frequently depending on the needs of the client and the account holdings. Events that would trigger an account review but are not limited to: new economic data, political developments, market conditions, security specific information, changing portfolio strategy, large inflows and outflows of cash, change in client's personal circumstances or change in plans or needs from the account.

Patricia A. McNamara, President and Portfolio Manager or Sean D. Castle, Executive Vice President and Portfolio Manager will analyze each client's account in accordance with CCIA

instructions to ensure that each account is in compliance with company investment policies as well as the management strategy assigned to that particular account. Each portfolio manager will be responsible for approximately 125 accounts.

Each account (with the exception of Right Track accounts) will receive a quarterly statement from CCIA. Charles Schwab will also provide quarterly statements. In addition, transactions in the account will activate a Schwab statement for the month that trades occur as well as generation of a written confirmation. In conjunction with the quarterly statement provided by CCIA, a summary letter will be presented to each client describing the most recent quarterly market performance and what are the expectations of the markets going forward.

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

On occasion, CCIA will compensate individuals for referrals. Full disclosure of the relationship will be given to the related client at the time of the contract.

CCIA may also receive client referrals from entities such as lead generator firms. In order to receive a referral fee from us, such solicitors must comply with the requirements of the jurisdictions in which they operate. The entity that referred you to us will receive compensation for matched leads on a per lead basis. Clients will not be charged any additional fees or expenses resulting from a referral.

CCIA receives an economic benefit from Schwab in the form of support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to CCIA of Schwab's products and services is not based on CCIA giving particular investment advice, such as buying particular securities for our clients.

CCIA uses Riskalyze Trading Technology as a tool to measure potential investment risk and organize investment decisions in a manner that better meets the clients needs and risk tolerance. Riskalyze partners with some asset management firms that we have a prior and ongoing relationship with to potentially decrease the total cost of using their technology for our clients. As a result of their partnership arrangement, we receive discounts on our technology expenses from Riskalyze. The receipt of discounted fees for Riskalyze technology creates a financial incentive for the use of specific funds and ETFs over similar Funds and ETFs managed by other firms. This financial incentive creates a potential conflict of interest; however, the Advisor as a fiduciary, endeavors to act in its client's best interests and manage this conflict of interest through disclosures made in the brochure.

#### **Item 15 – Custody**

Client assets are held at Charles Schwab and Company. As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-

dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. CCIA urges clients to carefully review such statements and compare such official custodial records to the account statements that CCIA provides. CCIA statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

CCIA usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. When a client chooses to grant investment discretion to CCIA, CCIA will have authority to supervise and direct the investments of and for the client's account without pre-approval from the client. In all cases such discretion will be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, CCIA observes the investment policies, limitations and restrictions of the clients for which it advises.

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

As a matter of firm policy and practice, CCIA does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. CCIA may provide advice to clients regarding the client's voting of proxies.

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

CCIA has no financial commitment that impairs its' ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

CCIA does not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.