

# Progressive

Progressive Investment Management Corporation

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[www.ProgressiveInvestment.com](http://www.ProgressiveInvestment.com)

February 28, 2024

This brochure provides information about the qualifications and business practices of Progressive Investment Management Corporation (referred to in this brochure as “us,” “we,” “our,” “our firm,” or “Progressive”). If you have any questions about the contents of this brochure, please contact Progressive’s Chief Compliance Officer at 503.224.7828. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Progressive is registered under the Investment Advisers Act of 1940. Registration of an adviser does not imply a certain level of skill or training. More information about Progressive can be found at the SEC's website [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) by searching for our firm’s CRD number 107777.

## Item 2 – Material Changes

This Brochure dated February 28, 2024, is filed as an annual amendment to Progressive's Form ADV 2A and replaces Progressive's Brochure dated March 28, 2023. Progressive has not made any material changes to this Form ADV Brochure since its last annual Form ADV filing. Please be aware that non-material changes have been included in this Form ADV Brochure.

A full Brochure may be requested free of charge by contacting our Chief Compliance Officer at 503.224.7828. A copy may also be accessed via the Internet from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 – Advisory Business**

Progressive is registered as an investment adviser and has been in business since 1987. The firm is controlled by a trust with Carsten Henningsen, President, as a trustee. Progressive is organized as a corporation under the laws of Oregon and the United States of America. There are two offices for Progressive; 310 N. State Street, Suite 214, Lake Oswego, OR 97034 and 256 Oakway Center, Eugene, OR 97401. Both offices are available by appointment only. Business hours are 9:00-4:00, Monday through Friday.

All of the investment management services offered by Progressive are designed to meet Environmental, Social, and Governance (ESG) criteria as defined by the firm.

### **Advisory Services**

Progressive provides investment management services on a discretionary basis to individuals, retirement plans, corporations, trusts, charitable organizations, endowments, and foundations. The firm offers separately managed accounts that may invest in individual stocks and bonds, mutual funds and Exchange Traded Funds (ETFs) using the investment strategies described below. Progressive may provide investment recommendations in the form of model recommendations and investment research on a non-discretionary basis to other investment managers.

Our core services are described in the following paragraphs and the related fees are described in the next section of this brochure, entitled “Item 5 – Fees and Compensation.”

### **Separately Managed Accounts**

Progressive’s proprietary ESG criteria inform our investment decisions. We seek investments that act responsibly and provide competitive financial performance. Progressive invests with a long-term focus and believes that positive ESG factors make a material difference for investments over a long time horizon. We believe using these

ESG criteria gives our investments competitive risk-adjusted returns relative to the market.

As specified in our investment management services agreement, Progressive manages client accounts on a discretionary basis. Clients may impose reasonable restrictions. While we use our best efforts to recommend investments designed to address client investment objectives and risk tolerance, we cannot assure that our recommendations will achieve those objectives. Past investment performance is not necessarily indicative of future returns.

### **Consulting Services**

We provide financial advice beyond the scope of our normal investment management services. This may include a review of investment accounts outside of our management such as employer sponsored retirement plans or pension accounts, 529 plans, and investments in insurance or annuity contracts. Other services may include financial projections, research on cost basis, or preparing a net worth statement.

### **Model Recommendations and Investment Research**

Progressive may enter into agreements where we provide investment model portfolios to other investment managers. The manager then effects transactions in the client accounts they manage. Progressive does not have any contact with the manager's underlying client and does not control how the investment model/research is implemented by the manager.

### **Assets Under Management**

As of December 31, 2023, we had approximately \$625,560,244 in regulatory assets under discretionary management.

## **Item 5 – Fees and Compensation**

Our Investment Management Services Agreement establishes the specific manner in which we charge fees. Fees are calculated as a percentage of the assets under management.

### **Separately Managed Accounts Invested Primarily in Individual Securities**

Our annual fees for Separately Managed Accounts are based upon a percentage of assets under management and generally range from 0.50% to 1.25%. Portfolio management clients are charged an annual fee and billed quarterly in advance based on total assets under management for each calendar quarter, prorated for any cash inflows or outflows occurred during the quarter unless specified otherwise.

A minimum of \$2,000,000 of assets under management is required for this service. This account size and the fees may be negotiable under certain circumstances. Progressive may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

### **Fees for Portfolio Management Services**

Fees may be negotiated in certain circumstances, including larger accounts. Fees are specified in our Investment Management Services Agreement. We reserve the right to waive fees for family members or decline services to any person or firm and for any reason. We offer a 10% discount for charitable 501(c) (3) accounts.

Fees are billed quarterly in advance. In most cases, fees are deducted directly from a client's account at the beginning of each quarter, unless we both agree otherwise. The fee will be equal to one-fourth of the applicable annual rate percentage specified in a client's Investment Management Services Agreement and multiplied by the value of the account on the last trading day of the calendar quarter, as determined by the custodian of the account. This value includes the market value of investments and accrued income. If a client secures a margin loan through the account, this loan's negative value will be

excluded from the value of the account; therefore, it will not lower the account's value when determining the management fee. If a client engages our services during a quarter, we will prorate the fee paid for the initial partial quarter, based on the number of days from the beginning of a client's agreement until the end of the initial quarter. If a client does not have enough cash in his/her account to pay our fee, we may sell some of the account assets to pay the fee. In most cases, we will make quarterly fee adjustments for assets added to or withdrawn from an account during a quarter using a similar pro rata calculation.

### **Consulting Services Fees**

Consulting services may be offered in certain circumstances. The hourly rate is \$250 per hour based on the nature and complexity of the service provided. The applicable hourly rate will be specified in our agreement that is presented prior to engaging our services.

### **Model Recommendations and Investment Research Fees**

From the fee paid to the manager for these accounts, Progressive receives between 0.20% – 0.30% of the client assets invested in Progressive's model. Most managers collect the entire fee and pay the advisory portion due to Progressive after collecting such fees. Model Recommendations and Investment Research fees are charged an annual fee and billed quarterly in arrears based on total assets under management for each calendar quarter, prorated for any cash inflows or outflows occurred during the quarter unless specified otherwise. The minimum quarterly fee is \$1,500.

### **Other Fees and Expenses**

Our advisory fees are exclusive of custody charges, brokerage commissions, transaction fees, wire transfer fees, and other costs and expenses that may be charged by service providers unrelated to Progressive. Please see Item 12 of this disclosure document for more information on Progressive's brokerage practices. Clients are billed for services from other service providers separately from Progressive and these amounts are reported separately from Progressive's fees.

## **Fees for Advisory Clients related to investments in Mutual Funds and ETFs**

All fees paid to Progressive for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

## **ERISA Accounts**

Progressive is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Progressive may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

## **Termination of Services**

Our client agreement may be terminated on 30 days' written notice by the client or us. If the agreement terminates during a quarter, we will refund a pro rata portion of the fee paid for that quarter, based on the number of days between the end of the 30-day notice



period and the end of the quarter. The client is responsible for any transaction in the account that was initiated but not settled prior to our receipt of a client initiated termination notice.

**No Compensation for sale of Securities:** Neither Progressive nor its supervised persons accept compensation for the sale of securities or other investment products.

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

Progressive and its employees do not receive “performance-based fees” (fees based on a share of capital gains or capital appreciation of assets).

## **Item 7 – Types of Clients**

We generally provide advice to the following types of clients:

- Individuals and high net worth individuals, including their trusts, estates, individual retirement accounts, and 401(k) plans;
- corporate pension and profit sharing plans;
- endowments and foundations;
- other investment advisers; and
- corporations or other businesses.

### **Minimum Account Size**

The minimum account size for all separately managed accounts is \$2 million. We reserve the right to waive that requirement at our discretion. Assets in related accounts may be grouped to satisfy the minimum account size requirement.

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

### **Methods of Analysis**

Our Investment Team has responsibility for managing the fixed income and equity strategies and meets on a regular basis. For the equity strategy, management includes conducting fundamental investment research, finding new opportunities, and making buy and sell decisions. The Investment Team conducts research using information provided by corporate documents, a diverse group of third parties and independent research companies.

Our approach relies on fundamental research that combines traditional investment analysis with ESG research to understand a company's commercial conduct, as well as its risks and opportunities.

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a company, as opposed to movements of its market price. In the course of our analysis, we review a company's financial statements and consider factors including, but not limited to, the company's historical financial condition, prior operating results, its projected revenue growth, its competitive advantages and disadvantages, the anticipated demand for its current and future products or services, and other factors affecting the company's anticipated results from future operations. Past performance does not assure similar future performance. A company's fundamental value can be adversely affected by many factors unrelated to its actual operating performance.

We seek long-term capital appreciation and mitigating portfolio risk by diversifying investments in companies with what we believe have above-average financial characteristics and growth potential and manage environmental risks, opportunities, and societal impact. We believe that a company's understanding of these factors demonstrates the qualities of innovation and leadership that may create a competitive

advantage and build long-term value. Therefore, we conduct fundamental research to find companies with attractive ESG, and financial attributes.

### **Progressive Equity ESG Strategy**

The Progressive Equity Strategy invests primarily in large-cap companies and may occasionally invest in mid and small-cap equities and ADRs if they meet our standards of safety and liquidity. The Strategy typically holds 25-35 stocks across major industry sectors. We may also use U.S. equity mutual funds or ETFs (exchange traded funds) in addition to individual stocks. The performance benchmark is the S&P 500 Index, a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the U.S. equity market.

Mutual Funds or ETFs will be used for the global and/or non-U.S. equity allocation within this strategy and we will determine the mix of mutual funds/ETFs. The performance benchmark for global and/or non-U.S. equity includes MSCI World, MSCI EAFE, or MSCI ACWI. They are broad-based unmanaged indexes widely recognized as representative of the global and non-U.S. equity markets.

### **Progressive Equity ESG Fund Strategy**

The Progressive Equity Fund Strategy invests in mutual funds or ETFs (exchange traded funds) for the U.S. equity allocation within the strategy. The U.S. strategy uses primarily funds that invest in large and mid-cap companies but may occasionally invest in small-cap equities and ADRs. The performance benchmark is the S&P 500 Index, a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the U.S. equity market.

Mutual Funds or ETFs will be used for the global and/or non-U.S. equity allocation within this strategy and we will determine the mix of mutual funds/ETFs. The performance benchmark for global and/or non-U.S. equity includes MSCI World, MSCI EAFE, or MSCI ACWI. They are broad-based unmanaged indexes widely recognized as representative of the global and non-U.S. equity markets.

## **Progressive Fixed Income ESG Strategy**

The Progressive Fixed Income Strategy invests in investment grade, publicly traded fixed income securities. We invest in U.S. Municipal bonds, both federally taxable and tax exempt. We may also invest in U.S. Treasuries, U.S. Government Agency debt, mortgage-backed securities, corporate bonds, money market funds, U.S. bond mutual funds and ETFs, and certificates of deposit. The performance benchmark is the appropriate fixed income index(s), which may include the Bloomberg U.S. Aggregate Government/Credit or Bloomberg Municipal Bond. These indexes are considered representative of the various bond markets.

## **Community Investment Strategy**

For clients interested in placing part of their investment allocation in high impact community investments, we may invest in bank and/or credit union certificates of deposit, community investment notes, and/or community loan fund promissory notes. The performance benchmark is the Bloomberg US Treasury 1 – 3Y.

## **Separately Managed Balanced ESG Strategies**

Balanced Portfolios combine equity and fixed income securities. The equity portion of the portfolio may be invested in our Progressive Equity Strategy, or our Progressive Equity Fund Strategy. The fixed-income portion of the portfolio may be invested in bonds as described above. Balanced Portfolios can include community investments and this portion of the portfolio may be invested in community investment securities described above.

## **Investment Risks**

All investments in securities include a risk of losing principal (invested amount) and any profits that have not been realized. A client should be prepared to bear that risk. Stock markets and fixed-income markets fluctuate substantially over time and the performance of any investment is not guaranteed.

Our judgments about the attractiveness, value, and potential appreciation of a particular asset class or individual security may be incorrect, and there is no guarantee that the securities we select will perform as anticipated. Our estimate of value may be wrong or, even if our estimate is correct, it may take a long time before the price and value converge. As a result, there is a risk of loss in the value of the assets we manage that is out of our control. We seek to reduce risk through diversification and active management. Although we will do our best in managing a client's assets, we cannot guarantee any level of performance or that a client will not experience a loss. The following principal risks can also affect the value of investments:

**General Market Risk:** The market price of a security may fluctuate, sometimes rapidly and unpredictably, in response to developments affecting individual companies and/or general economic conditions. These fluctuations may be temporary or last for extended periods, causing a security to be worth less than its cost when originally purchased or less than it was worth at an earlier time.

**Stock Selection Risk:** In addition to, or in spite of, the impact of movements in the overall stock market, the value of an account's investments may decline if the particular companies in which the account invests do not perform well in the market.

**Small- and Medium-Sized Company Risk:** Investing in securities of small- and medium-sized companies, even indirectly, may involve greater volatility than investing in larger and more established companies.

**Investment Management Risk:** We may fail to implement the investment strategies and/or meet an account's investment objectives.

**Non-U.S. Securities and Emerging Markets Risk:** Non-U.S. securities tend to be more volatile and less liquid than U.S. securities. Further, non-U.S. securities may be subject to increased risks due to differences in the political, social, and economic environment abroad, as well as due to differences between United States and non-U.S. regulatory, accounting, and auditing standards and, in the case of non-U.S. currency

denominated securities, fluctuations in currency exchange rates. These risks are increased in emerging markets.

**ESG Policy Risk:** The ESG (Environmental, Social, and Governance) policies could cause the account to be limited in possible holdings compared to similar portfolios that do not have such policies. Accordingly, Progressive may forego opportunities to buy certain securities when it might otherwise be advantageous to do so or may sell securities for ESG reasons when it might be otherwise disadvantageous for it to do so.

**Fixed-Income Risk:** Fixed-Income Portfolios and fixed-income securities generally have four main areas of risk:

- Credit or Default Risk. An account may lose money if an issuer of a bond is unable or unwilling to make timely principal and/or interest payments or to otherwise honor its payment obligations. Further, when an issuer suffers adverse changes in its financial condition or credit rating, the price of its debt obligations may decline and/or experience greater volatility. A change in financial condition or credit rating of a fixed-income security can also affect its liquidity and make it more difficult for an account to sell.
- Interest Rate Risk. The value of a bond may decline due to an increase in the absolute level of interest rates, or changes in the spread between two rates, the shape of the yield curve or any other interest rate relationship. Longer-term bonds are generally more sensitive to interest rate changes than shorter-term bonds. Generally, the longer the average maturity of the bonds held by an account, the more the account's value will fluctuate in response to interest rate changes.
- Prepayment Risk. An account may experience losses when an issuer exercises its right to pay principal on an obligation held by the account earlier than expected. This may happen during a period of declining interest rates. Under these circumstances, the account may be unable to

recoup all of its initial investment and will suffer from having to reinvest in lower yielding securities. The loss of higher yielding securities and the reinvestment at lower interest rates can reduce an account's income, total return, and share price. Rates of prepayment, faster or slower than expected, could reduce an account's overall yield, increase the volatility of the account and/or cause a decline in value.

- Municipal Securities Risk. The yields of municipal securities may move differently and adversely compared to yields of the overall debt securities markets. There could be changes in applicable tax laws or tax treatments that reduce or eliminate current federal income tax exemption on municipal securities and otherwise adversely affect the current federal or state tax status of municipal securities. Such changes also may adversely impact the value of municipal securities owned by an account and, as a result, the overall value 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 the evaluation of us or the integrity of our management. We have no legal or disciplinary events to report.

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

Mr. Henningsen, Director of Progressive, was a minority shareholder of Trillium Asset Management ("Trillium") a registered investment advisor, until Trillium was sold in June of 2020. There are no referral arrangements between our firm and Trillium. No firm client is obligated to use the advisory services of Trillium, as no Trillium advisory client is obligated to use our advisory services. Trillium is the sub-advisor to the Trillium ESG Global Equity Fund which is held in some Progressive client portfolios and is recommended by Progressive to its Clients. Progressive was the investment advisor to the Trillium ESG Global Equity Fund from its inception in 1999 to 2014.

Mr. Henningsen may receive compensation based on the level of Trillium's client revenue through 2024. Clients should be aware that the potential receipt of additional compensation by its management as a result of their prior minority ownership in Trillium could create a conflict of interest that may impair the objectivity of our firm. The firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we monitor relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.



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

### Code of Ethics

We have adopted a Code of Ethics (the “Code”) that applies to our employees. Each of them must comply with our Code as a condition to working with us. The Code describes the standard of conduct that we require of our employees and sets forth restrictions on certain activities, including personal trading in employee-owned, managed, or beneficially-owned accounts. The Code also includes provisions relating to areas such as gifts and entertainment, and outside business activities. By setting forth the regulatory and ethical standards to which we and our employees must adhere, the Code supports our efforts to promote a high level of professional and ethical conduct in furtherance of our fiduciary duty to our clients. Our Chief Compliance Officer (“CCO”) administers and enforces our Code of Ethics.

Our Code of Ethics requires our employees to:

- comply with applicable federal and state securities laws;
- conduct themselves with integrity and act ethically in their dealings with the public, clients, and professional associates;
- fulfill their duty of loyalty by acting solely in our clients' best interests;
- strive to provide long-term client satisfaction;
- disclose any conflict of interest;
- report any violation of our compliance manual to our CCO as soon as possible; and
- submit reports of securities beneficially owned by them and their related persons, and submit reports of securities transactions by them and their related persons, subject to certain permitted exceptions.

## **Personal Securities Trading**

We and/or our employees may buy or sell the same securities we buy or sell for our client's accounts. As a result, there may be a conflict of interest that arises between our clients and us (or one of our supervised persons) in the allocation of trades. To address that potential conflict, we impose restrictions on personal trading. We and our employees may not trade in a manner that would be detrimental to client trades. Employees may be allowed to transact in the same securities as clients on the same day. These transactions are subject to approval from the CCO and reviewed on a case-by-case basis.

In general, our employees must receive approval before purchases or sales in any equity securities, options on equity securities, fixed income securities, private placements, and limited offerings. Pre-clearance is not required for purchases or sales in mutual funds, or exchange traded funds. We prohibit our employees from investing in any initial public offerings.

For employees whose portfolios are managed by Progressive, the protocol for pre-clearance on securities transactions is waived, given that Progressive makes these transactions on the employees' behalf. Progressive is committed to treating employees' portfolios with the same level of fairness as it does with client portfolios, ensuring no preferential treatment.

For additional information on Progressive's personal securities trading policies, please request a copy of the Code of Ethics from Progressive as indicated below.

## **Code of Ethics Distribution**

We are committed to making our employees and clients (both current and prospective) aware of the requirements within our Code. All of our employees are provided with a copy at the time of hire and annually thereafter, and each employee must affirm that they have received a copy as well as read and understood its provisions. A copy of our Code of Ethics is also available to clients and prospective clients upon request and may

be obtained by contacting our Client Services Manager at 503.224.7828 or at the address specified on the cover page of this brochure.

## **Item 12 - Brokerage Practices**

### **Broker Selection**

Our management discretion includes the selection of the security, the amount to be purchased or sold, the broker or dealer to be used to effect the transaction, and the commission rate to be paid (the term “commissions” includes markup, markdown, commission-equivalent, or other fee charged to a separately managed account by a broker-dealer for executing transactions for any account, including commissions received from riskless principal transactions eligible for soft dollar credits under Section 28(e) of the Securities and Exchange Act of 1934, as amended [the “1934 Act”]).

We choose brokers on the basis of the following factors:

- competitive commission rates;
- the level of efficiency and professionalism of services;
- past operating history and reputation;
- execution capabilities;
- access to the markets for the securities being traded; and
- any other factors we consider relevant.

Our overall policy is to seek best execution at the most favorable prices through the broker-dealers we use to effect transactions in client accounts.

Certain brokers through which we execute trades may provide unsolicited proprietary research (research the broker creates) to us. This research is used for all client accounts, even though only certain clients may have paid commissions to the brokers who provided the research. This research could include a wide variety of reports, charts,

publications or proprietary data on economic and political strategy, credit analysis, or stock and bond market conditions and projections.

For our clients' accounts maintained in custody at Charles Schwab & Co., Inc., an unaffiliated broker-dealer ("Schwab"), Schwab will not charge clients separately for custody, but will receive compensation from clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. If a client's assets are held at Schwab, but we use another broker-dealer to execute a trade (such as a bond trade), Schwab will charge that client a fee for clearance and settlement of trades executed through the other broker-dealer. That fee will be in addition to the fee charged by the other broker-dealer. In all cases, we acknowledge our duty to seek best execution of trades for client accounts. We receive no compensation for recommending clients to use Schwab. Commission rates paid may be higher than the lowest commission rate available. Schwab generally charges a minimum fee for each transaction in accounts. Because of this minimum fee, it often is not economically feasible to select any broker other than Schwab for equity, mutual fund, and ETF transactions.

### **Products and Services Available from Custodians**

Each client's assets must be held by a third-party custodian. A custodian can be a bank or brokerage firm. Although not required, we may recommend our separately managed account clients use Schwab as custodian for their accounts. That recommendation is based on our evaluation of Schwab's standards of recordkeeping, trade execution, research, and competitive commissions. In addition, we periodically review brokerage services received to confirm that such services continue to meet our best execution obligation.

### **Benefits to Administration of Client Accounts**

We use the Schwab Advisor Services platform. Through Charles Schwab & Co., we receive direct access to real-time client account information, electronic download of

trades, balances and positions and the ability to directly debit advisory fees payable. Progressive receives software and support services, including reductions in seminar and conference fees from Charles Schwab & Co. Program services provided to us are not contingent upon any specific amount of business (assets or trading).

These services generally are available to independent investment advisors, on an unsolicited basis, at no charge to them so long as the advisor's clients collectively maintain a certain amount of account assets with Schwab. These services include brokerage, custody, and research services, as well as access to mutual funds and other investments that are otherwise available only to institutional investors. They also make available to us products and services that benefit us and assist us in managing and administering client accounts. Unlike soft dollar programs, we are under no obligation to Schwab to provide any level of commission business from effecting securities transactions in client accounts in exchange for these products or services. Support services 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 pricing information and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office support, recordkeeping, and client reporting.

Many of these services may be used for all or a substantial number of our client accounts, including any accounts that are not maintained with Schwab. These products and services benefit us because they enable us to service client accounts more quickly and accurately.

## Benefits to Our Business

Schwab also makes available to us other services to help us manage and further develop our business. 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 when provided to us by independent third parties. Schwab 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 us. Thus, minimum account assets required may give us an incentive to recommend that clients custody assets with Schwab, based in part on our interest in receiving Schwab's services that benefit our business, rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as a custodian is in the best interests of our clients as our selection is primarily supported by and based upon the scope, quality, and price of Schwab's services. Additionally, we have well in excess of the minimum threshold in assets at Schwab and therefore do not consider this a material conflict of interest.

## Soft Dollar Practices

Progressive does not engage in soft dollar practices.

## Cross Trades

As a matter of policy, Progressive does not engage in principal transactions or agency cross trading. Any exceptions to this policy must be approved in advance by the Chief Compliance Officer or their designee.

Progressive may cause an eligible separately managed account to purchase a security that has been sold by another client through the normal broker process at an actual market price. In certain circumstances, these types of cross-transactions may reduce execution related costs for participating accounts. Progressive does not receive any

commission or other compensation from participating accounts. Progressive has adopted procedures to ensure that clients participating in a cross transaction are made aware that their account may participate in these types of transactions and that transactions will be made at current market prices. ERISA accounts may be limited in their ability to engage in cross-trades.

Potential conflicts of interest include an incentive to sell unmarketable securities into one client account or favor one account by “cherry-picking” the more profitable securities transactions for that client. However, it is the Firm’s policy not to favor or disfavor any one client over another. The firm further mitigates the potential conflict by using independent pricing available through one or more custodians such as Schwab to ensure best execution. Additionally, we will not re-price any security following a cross-trade or use any different security valuation method for one client versus another client, which means that no cross-trade will result in a better deal for any particular client. Lastly, the Firm will effect cross trades without regard to management fees charged to clients and without any additional compensation from the transaction.

The Firm will not engage in agency cross transactions between proprietary accounts and client accounts unless it has complied with Section 206(3) and instituted related policies and procedures.

### **Block Trade Aggregation and Allocation**

We periodically conduct equity block trades in which we buy or sell one or more securities as part of our Progressive Equity strategy. All block trades are conducted through our master account and then allocated to all participating clients after the trade is executed. This ensures that each client receives the same execution price regardless of size.

When purchasing fixed income securities, we typically purchase through our master account and then allocate to clients after execution. The allocation is primarily based on the bond’s tax status, clients’ fixed income position variance to target and available

cash. Other factors, including individual bond specifications, are considered when allocating, which can cause changes in the allocation procedure for that specific bond. When selling fixed-income securities, we typically execute the sale directly from the client's account. We will use the master account when selling the entire bond position and then allocate the trade to all holders of the position after execution. This ensures that all holders receive the same execution price.

## Item 13 - Review of Accounts

### Separately Managed Accounts

**Reviews and Reviewers:** We review separately managed client accounts quarterly. More frequent reviews are triggered by:

- deposits or withdrawals;
- client gifting;
- a client's instructions to review the account;
- additional cash required for an investment;
- changes in market conditions;
- changes in opinion for one or more companies in our portfolios; and
- appreciation or depreciation of individual holdings.

Our computer system allows accounts to be reviewed simultaneously in such events.

Accounts are reviewed by one or more members of the Investment Team, which includes Carsten Henningsen, Bryceson Charlton, CFA and/or Diana Kaspic.

**Reports for Accounts:** We also provide detailed written quarterly reports. These reports discuss portfolio positions, asset allocation, changes in portfolio value, and investment returns. We urge our clients to carefully review these reports and compare them to the statements they receive from the custodian. The information in our reports may vary



from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

We receive 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 us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients or generating any level of commissions in client accounts.

## **Item 15 - Custody**

For investment advisory and management services, we directly debit client account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from causes us to exercise limited custody over client funds or securities. We do not have physical custody of client funds and/or securities. Client funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. Clients will receive account statements from the independent, qualified custodian at least quarterly. Account statements from the custodian will indicate the amount of our advisory fees deducted from the client’s account each billing period.

Clients should carefully review account statements for accuracy. Compare our reports with the statements from the account custodian to reconcile the information reflected on each statement. If there are questions regarding account statements or receiving statements from the custodian, please contact us at 503.224.7828.

## **Item 16 – Investment Discretion**

Our authority in managing accounts includes the full discretionary power to purchase, sell, and exchange securities and other investments, exercise all rights conferred on the

holder of such assets, and reinvest all proceeds without seeking prior client approval for each transaction. However, in all cases, such discretion is to be exercised in a manner consistent with clients' investment policy statement or similar document. Clients also sign an agreement with their custodian that generally includes a limited power of attorney granting us authority with their custodian to direct and implement the investment and reinvestment of assets within the account, but not direct or move assets outside of the account without written client approval.

Other securities may be client-directed to be included in the managed portfolio due to capital gains constraints, client preferences, or trading restrictions. These investments may not pass Progressive's ESG investment criteria or Progressive's financial investment criteria. Progressive categorizes these investments into applicable asset classes and includes them when managing to the asset allocation targets.

When selecting securities and determining amounts, we observe any investment limitations or restrictions clients provide to us in writing. For pension and retirement plans governed by ERISA, our investment advice is also limited by ERISA's requirements and prohibitions.

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

### **Proxy Voting Policy**

We generally have authority to vote proxies on behalf of clients in separately managed accounts with individual equity holdings. We have adopted a written Proxy Voting Policy setting the standards and guidelines for voting proxies. We delegate to an independent proxy-voting firm the actual voting of proxies on behalf of our clients. That firm votes all proxies in accordance with our proxy voting policy. Under our Proxy Voting Policy, we seek to further the clients' best interest (and, for ERISA accounts, the best interest of plan beneficiaries and participants).

Progressive has contracted with Broadridge Financial Solutions and will use their Proxy Edge® platform (“PE”). PE will provide proxy voting support with regard to casting votes and keeping voting records. Under the terms of its arrangement with Broadridge, Progressive will generally follow ESG guidelines. Under these guidelines, we generally will vote in favor of ESG policies. If the guidelines do not specify how we should vote on an issue (such as a proposed acquisition), we will decide how to vote on that issue and will direct the independent proxy-voting firm to vote accordingly.

Progressive can instruct PE to vote either for or against a particular type of proposal or Progressive can instruct PE to seek instruction with respect to that particular type of proposal from Progressive on a case-by-case basis (“Voting Instructions”). PE receives all proxy statements where Progressive is authorized to vote and sorts the proposals according to Progressive’s Voting Instructions. Proposals for which a voting decision has been pre-determined are automatically voted by PE pursuant to the Voting Instructions. Case-by-case decisions are generally made by Progressive. All voting records where Progressive retains proxy voting authority are maintained by PE, except that Progressive will maintain copies of any document created by Progressive that was material in making a determination of how to vote a “case-by-case” proxy or that memorializes the basis for that decision.

On occasion, Progressive may determine not to vote a particular proxy. This may be done, for example where: (1) the cost of voting the proxy outweighs the potential benefit derived from voting; (2) a proxy is received with respect to securities that have been sold before the date of the shareholder meeting and are no longer held in a client account; (3) despite reasonable efforts, Progressive receives proxy materials without sufficient time to reach an informed voting decision and vote the proxies; (4) the terms of the security or any related agreement or applicable law preclude Progressive from voting; or (5) the terms of an applicable advisory agreement reserve voting authority to the client or another party. Progressive periodically reviews proxies to ensure votes are placed in accordance with the Proxy Voting Policy.

## **Resolving Conflicts in Proxy Voting**

If the subject matter of any proxy creates a conflict of interest between us and any of our clients, the Proxy Voting Policy resolves such conflict as follows:

1. We (through the independent proxy-voting firm) will vote in accordance with predetermined guidelines stated in the Proxy Voting Policy (“Guidelines”);
2. We will request the client's consent to the vote, after disclosure to the client of the subject matter of the proxy, the nature of the conflict, and the proposed decision; or
3. The client may direct us to forward proxies involving a conflict of interest to a specified independent third party for the third party's review and recommendation.

## **Obtaining Proxy Voting Information**

A copy of our Proxy Voting Policy or information on how securities in client accounts were voted is available by sending a written request to:

Progressive Investment Management  
Attn: Client Services Manager  
310 N. State Street, Suite 214  
Lake Oswego, OR 97034

## **Item 18 – Financial Information**

We do not require clients to pay fees that are (a) greater than \$1,200 and (b) billed six months or more in advance. Additionally, we must disclose any financial condition that could impair our ability to meet our contractual obligations to our clients. We also must disclose if we have been the subject of any bankruptcy proceeding within the last

10 years. We have no financial matters to disclose, and we have never been the subject of any bankruptcy proceeding.