

**FORM ADV  
PART 2A  
FIRM BROCHURE**

***February 27, 2024***

***CHARLES FISH INVESTMENTS, INC.***

***30 Corporate Park, Suite 410***

***Irvine, CA 90606***

***949-296-3970***

***949-296-3983 (fax)***

**[www.charlesfishinvestments.com](http://www.charlesfishinvestments.com)**

This brochure provides information about the qualifications and business practices of CHARLES FISH INVESTMENTS, INC. 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. If you have any questions about the contents of this brochure, please contact us by email at [sharmi@charlesfishinvestments.com](mailto:sharmi@charlesfishinvestments.com) or by telephone at 949-296-3981.

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

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## ITEM 2 - MATERIAL CHANGES

The purpose of this section is to inform you of any material changes since the annual update of this brochure dated February 13, 2023. If you are receiving this brochure for the first time this section may not be relevant to you.

CHARLES FISH INVESTMENTS, INC. (“CFI”) reviews and updates its brochure at least annually to ensure that it remains current. We have not made any material changes since the previous annual update.

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## ITEM 4 - ADVISORY BUSINESS

### Firm Description

Founded in 1984, CHARLES FISH INVESTMENTS, INC. (“CFI,” “we,” “our,” or “us”) offers individually tailored investment services for clients with fixed income assets, with a particular emphasis on the municipal bond sector. Grounded in the fundamental principle that the best interest of the client comes first, CFI strives to provide a highly personalized service designed to meet the specific goals and objectives of each client.

Client funds are maintained in separately managed accounts, and CFI selects or recommends bond investments based on each client’s particular goals, objectives and risk tolerance.

The firm’s normal business hours are Monday through Friday, 7:00 A.M. to 3:00 PM PST. CFI follows the recommendation of the Securities Industry and Financial Markets Association (“SIFMA”) with regard to holiday closings. SIFMA recommendations normally include an early close to the fixed income markets on the day preceding a holiday. On those days, CFI observes a closing time of twelve (12) Noon Pacific time. Both the early closing and holiday closing are subject to change due to market conditions.

CFI is a Registered Investment Adviser with the Securities and Exchange Commission (CRD #110445). CFI is currently notice filed in California and Texas. All CFI Investment Advisory Representatives (“IAR”) are licensed by the State of California. The firm’s website may be found at [www.charlesfishinvestments.com](http://www.charlesfishinvestments.com).

### Principal Owners

CFI has the following officers: Charles W. Fish, President, Chief Executive Officer, Chief Investment Officer; Betsy C. Shelton, Director of Research/Senior Portfolio Manager; Sharmistha Chakraborty, Chief Operations Officer/Chief Compliance Officer. Brentview Investment Management, LLC (“Brentview”) owns 50% of CFI and Bluestone Enterprises, LLC, which owns more than 25% of Brentview, owns the other 50% of CFI. James Ralph Boothe is the sole member of Bluestone Enterprises, LLC.

### Advisory Personnel

CFI’s investment advisory personnel have many years of collective investment experience and strive to provide a uniquely high level of client service to a select number of clients. CFI’s staff seeks to coordinate with clients’ accountants, estate lawyers, and other planners in order to integrate clients’ portfolios with the balance of their assets.

CFI requires all portfolio managers to have a minimum of a four-year college degree and at least five (5) years of experience in the securities industry. Assistant portfolio managers must

also have a minimum of a four-year college degree, at least two (2) years of experience in the securities industry, and be under the direct supervision of one or more portfolio managers. To be considered for advancement, an assistant portfolio manager must first meet the five (5) year experience requirement.

## **Types of Advisory Services Offered**

### **Discretionary Separately Managed Portfolios**

CFI offers fixed income investment management services to families of great wealth on a discretionary basis only and has full authority in determining which securities are purchased and sold. The firm actively manages its clients' portfolios, tailoring each to the needs, goals and objectives of that specific client. Although more than one portfolio may hold a specific security, each holding is selected based on the investment parameters agreed upon with the client. Through its network of brokers and dealers, the firm seeks to identify and purchase bonds that may improve a client portfolio's structure, credit quality and rate of return. Please see ***Methods of Analysis, Investment Strategies and Risk of Loss*** for a more in-depth discussion of CFI's investment management approach.

### **Sub-Advised Portfolios**

CFI may allocate or recommend that the client allocate all or a portion of the client's portfolio to other investment advisers, including affiliates of CFI (each, a "Sub-Advisor"). CFI will use Sub-Advisors to provide investment strategies other than fixed income investment management, such as management of equity assets. CFI will continue to provide advisory services to the client for the ongoing monitoring and review of the overall account performance. CFI will take the client's stated investment objectives into account when determining whether a particular Sub-Advisor is appropriate. CFI will provide the client with the Sub-Advisor's Form ADV Part 2A or Part 2A Appendix 1 at the time the client establishes a sub-advisory account.

### **Sub-Advisory Services to Registered Investment Advisers**

CFI offers sub-advisory services to unaffiliated third-party money managers (the "Primary Investment Adviser"). As part of these services, we will provide access to our Muni bond strategy, which the Primary Investment Adviser implements for their clients. We will manage each client's account on the basis of the client's financial situation and investment objectives provided by the Primary Investment Adviser, and in accordance with any reasonable restrictions imposed by the client on the management of the account.

### **Non-Discretionary Managed Accounts**

Upon request CFI will consider managing fixed income portfolios on a non-discretionary basis. In such cases, CFI executes only those transactions that have been approved and directed by the client.

## Assets under Management

CFI manages client portfolios in either discretionary and non-discretionary accounts on a continuous and regular basis. As of December 31, 2023 the total amount of assets under our management was:

	Assets under Management	Number of Portfolios
Discretionary Assets	\$ 356,070,804	61
Non-Discretionary Assets	\$ 0	0
Total Assets	\$ 356,070,804	61

## ITEM 5 - FEES AND COMPENSATION

### Fee Schedule

#### Investment Management Services

CFI's fees are computed as a percentage of the market value of assets under management and are payable quarterly in advance. On rare occasions and under special circumstances, CFI may agree to charge a fixed fee. However, this type of fee arrangement is limited in time and scope and should not be considered a standard practice of the firm.

The rates on certain discretionary fixed income portfolios may be negotiable depending upon a number of independent factors including, but not limited to, the size of the account, type of service, and custodial arrangement. The assets of related discretionary accounts may, at the discretion of CFI, be combined for the purpose of calculating the breakpoint on fees. The maximum annual fee for fixed income accounts is as follows:

- ½ of 1% on the first \$2 million under management
- ¾ of 1% on the next \$13 million under management
- ¼ of 1% on the next \$35 million under management
- ⅛ of 1% on all over \$50 million under management

It should be noted that CFI's minimum annual fee for new accounts is \$10,000.

Fees for non-discretionary accounts are negotiable depending upon the size of the portfolio and scope of services to be provided, but will not exceed the fee schedule disclosed above.

## **Sub-Advised Portfolios**

CFI will bill a management fee of between 0.10% to 0.35% on any assets managed by a Sub-Advisor; this fee is negotiable. CFI will bill its management fee in the same manner as described directly above under Investment Management Services. The client will pay the Sub-Advisor separately for their advisory services rendered. Annual fees for Sub-Advisors range from 0.35% to 0.40%. The Sub-Advisor's fee and how the fee is calculated and billed will be specified in CFI's agreement with the client. The annual fees paid to the Sub-Advisor are separate from and in addition to CFI's management fee.

## **Sub-Advisory Services to Registered Investment Advisers**

Fees and payment arrangements are negotiable and will vary on a case-by-case basis.

## **Analysis and Consulting Services**

Upon request, CFI will perform an account analysis and/or offer its consulting services. The charge for such services is done on a negotiated fixed fee basis, depending on the nature and complexity of each client's circumstances at the time of request.

## **Billing Method**

### **Investment Management Services**

Payment of fees to CFI may be made either directly by the client or by the custodian holding the client's funds and securities. Client invoices are mailed, along with the client's quarterly statement of holdings, on or about the 10<sup>th</sup> business day of the month following the end of the calendar quarter.

Two criteria must be met when the payment is made by the custodian: (1) the client's account must be established in a separate account for each client under the client's name at a qualified independent custodian who will maintain the client's funds and securities; and (2) the client must receive an account statement, at least quarterly, directly from the qualified custodian, which must identify the amount of funds and the amount of each security in the account at the end of the period and set forth all transactions in the account during the period.

We will provide clients with an invoice showing the amount of the fee, the value of the assets in the account on which the fee was based and the specific manner the fee was calculated. It is up to the client whether they wish to have CFI's advisory fees withdrawn directly from their custodian account or pay by check. With client authorization, we will submit an invoice to the custodian and to the client. The client can authorize the custodian to pay CFI's advisory fees. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who



authorize the custodian to pay CFI's advisory fees directly from the client's account. Alternatively, clients may choose to pay CFI's advisory fees directly.

### **Analysis and Consulting Services**

CFI invoices fees for analysis and consulting services at the time the project is completed. For projects extending beyond 30 days, fees will be prorated and billed on a monthly basis until such time as the project has been completed. A final bill will be sent to the client at that time.

### **Other Fees and Expenses**

CFI's fees do **NOT** include custodial fees (such as transactional or line item charges). Custodial fees vary depending upon the particular custodian selected by the client and are in addition to investment management fees paid to CFI. Clients selecting a custodian that provides additional services beyond safekeeping services may or may not incur higher custodial fees or additional charges.

Although CFI is happy to assist with the selection of a client's custodian, the firm has no control over any custodian's fees or policies and procedures. Clients are encouraged to discuss their concerns or questions before establishing an account with a particular custodian. Please see ***Custody*** for additional information.

Fixed income securities transactions are executed with mark-up or mark-downs that are incorporated into the purchase or sale prices, rather than separate commission charges. In an effort to confirm that commissions charged by brokers are conducted at a fair price and are not excessive, CFI will track and monitor commissions charged by brokers. Because CFI is a valued client of the dealer community, the prices paid on behalf of its clients are generally very competitive and commissions paid are minimal. In general, brokerage commissions are only charged on purchases and not sales.

### **Termination**

#### **Investment Management Services**

All investment management services are continuous but may be terminated by either party at any time. Fees paid in advance will be prorated to the date of termination and any unearned portion will be refunded. Distribution of account assets or funds may be delayed until such time as outstanding transactions have settled. Should a client also terminate their custodial arrangement, the custodian reserves the right to withhold a reasonable amount of funds until such time as all outstanding charges have been paid.

## **Analysis and Consulting Services**

All analysis and consulting services may be terminated by either party at any time. CFI will calculate the percentage of the project completed through the termination date and prorate the fixed fees accordingly.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

### **Sharing of Capital Gains**

CFI does not charge performance-based fees, nor does it participate in any other way in client gains and losses.

## **ITEM 7 - TYPES OF CLIENTS**

CFI offers its investment management services to individuals, high net worth individuals, trusts and estates, and individual retirement accounts. In addition, we offer our services to corporations, financial institutions, charitable organizations, small businesses, foundations, and pension and profit sharing plans.

### **Account Requirements for Discretionary Accounts**

CFI, in general requires a minimum dollar amount of \$2million to open and maintain an advisory account managed on a discretionary basis. Smaller accounts are accepted on a case-by-case basis. Assets allocated to CFI for sub-advising have lower minimums of \$500,000. However, at any time, minimum account size can be waived at our discretion.

CFI reserves the right to sell some or all of the securities in a client account after the initial receipt of the account or the deposit of additional securities into the account. With regard to existing assets held outside of the account which are to be placed under CFI's management, it is generally CFI's policy to do one of the following: 1) accept the security into the account, having found it suitable for the client's portfolio, 2) accept the security into the account, but, having found it unsuitable for the portfolio, liquidate such security, or 3) having found the security unsuitable and believing that it is in the client's best interest, CFI would advise the client to liquidate the asset and have the proceeds forwarded to the account for CFI's management.

CFI makes every effort to minimize the tax consequences resulting from transactions done within a given portfolio. However, clients are advised that they are responsible for any tax liabilities that may occur.

Occasionally clients may have assets that are not part of the advisory agreement and not managed by CFI although they are held by the same custodian in the same account as managed assets. CFI strongly recommends against this situation and recommends that a client set up a separate account for non-managed assets. However, on those occasions where non-managed

assets are held in the client's CFI account, CFI requires the client to acknowledge in writing that the holding is considered to be a non-discretionary asset and its management remains as the sole responsibility of the client.

### Account Requirements for Non-Discretionary Accounts

Non-discretionary accounts are accepted on a case-by-case basis and only after careful review to avoid any conflicts of interests with existing accounts. Exceptions to this policy require prior approval from both CFI's board of directors and the firm's Investment Committee.

Acceptance as a non-discretionary account requires the establishment of specific and clearly delineated investment and operational parameters which are reviewed annually with the client. CFI's management responsibilities are extremely limited regarding non-discretionary accounts, including but not limited to, the need for specific client approval before execution of any transaction. Furthermore, many standard functions normally handled by CFI on behalf of its discretionary accounts do not apply on a non-discretionary basis. Therefore, any function not clearly delineated in the investment agreement for that specific client will be the client's responsibility. Further information is available upon request.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis and Investment Strategies

CFI strives to provide sound advice to meet each client's investment objectives. Because CFI manages tailored portfolios, each client's needs and objectives will be different. However, CFI attempts to meet all clients' goals by managing the client's capital in a professional manner while managing the risks inherent in a securities portfolio (See "**Risks**" below for further discussion of such risks).

CFI invests in a variety of fixed income securities, including U.S. Treasuries, Government-Sponsored Enterprises ("GSE"), corporate bonds and municipal bonds. Within the municipal sector, CFI invests in tax-exempt municipal bonds, taxable municipal bonds, Build America Bonds ("BABs"), notes (BANs, TRANs and RANs), direct subsidy and qualified tax credit bonds (NCREBs, QECBs, QSCBs, & QZABs) and puttable securities. CFI does not invest in municipal bonds subject to the Alternative Minimum Tax ("AMT") without the express prior written permission of the client. For those accounts seeking current income CFI limits its use of zero coupon securities. CFI invests in Limited Public Offerings and Private Placements.

At CFI, portfolio managers communicate directly with the client or their designated representative, not through a subordinate or marketing representative. A client's goals and objectives must be as clear as possible to all parties involved. Proper risk parameters are set in initial interviews and during the early stages of an account relationship and may be adjusted as necessary. Said parameters are discussed at the client's annual review, and more frequently as needed, should there be any material alteration in a client's financial picture. Upon request,

CFI will, in consultation with a client, prepare a written investment policy statement tailored to that client's specific investment goals and objectives. Compliance to the policy's parameters is routinely monitored and reviewed, at least annually, with the client. It is the client's responsibility to notify CFI of any events that may affect such parameters.

CFI's investment approach is both conservative and aggressive. Although these terms seem contradictory, they are in fact complementary. The conservative approach strives to mitigate the risks as outlined under **Investment Risks**. This defensive strategy also helps to minimize volatility and vulnerability. CFI-structured portfolios seek to allow clients to profit from adverse events, rather than fall victim to them. However, the consequence of a defensive-only strategy is that the portfolio, while seeking safety, will under-perform. The best of both worlds is to have a portfolio that mitigates risk while at the same time providing competitive returns.

CFI utilizes a variety of investment analysis tools including, but not limited to, its own internal research and proprietary modeling, external research and analyses, and market information gleaned from both public and private sources. In addition, CFI's portfolio managers have long-established relationships in the municipal finance industry, including with underwriters, investment bankers, traders, and institutional sales forces. This networking system provides CFI with information and data not readily available to the individual investor.

Clients are advised that there are no guarantees as to performance, and losses are always possible. Past performance is not indicative of future results. Likewise, due to the tailored nature of each portfolio, performance results will vary among clients. Clients are requested to inform CFI as soon as possible of changes in their situation that would have a material impact on the strategies employed in managing their account.

### **General Risk of Loss Statement**

All investments have associated risks. Clients are advised to carefully consider the following:

1. Investing in securities, including bonds, involves risk of loss which you should be prepared to bear;
2. Securities markets experience varying degrees of volatility;
3. Over time your assets may fluctuate and at any given time may be worth more or less than the amount you invested; and
4. You should only commit to CFI the management of those assets you believe you will not require for other purposes in the immediate future.

### **Investment Risks**

As with all securities portfolios, there are certain inherent risks to investing in fixed income assets. As active portfolio managers, CFI seeks to reduce such risks in relationship to each client's risk tolerance level as well as their goals and objectives. Risks can never be totally eliminated. However, they can and should be managed. CFI seeks to manage these various

risks through a variety of strategies, research tools and proprietary measures. These factors are discussed with prospective clients as well as on an ongoing basis with existing clients.

There are a variety of risks associated with fixed income investing, including, but not limited to, credit risk, interest rate (aka market) risk, liquidity risk, prepayment risk, media (aka headline) risk, and legislative (aka political) risk. Chief among these risks is credit risk. CFI believes that credit concerns trump all other reasons, no matter how compelling, to acquire or to hold a bond. Risks to a client's portfolio are monitored through the use of investment policy statements, client guidelines, and ongoing credit reviews. However, despite the most vigilant and concerted efforts, some events are simply unforeseeable.

In addition to investment risks, there are many other risk factors that affect a portfolio. Some risks are beyond the control of CFI while others can limit CFI's ability to optimally manage an account. Such risks include, but are not limited to, random event risk, actions of clients, tax loss selling, client attempts at market timing, untimely client withdrawals and other restrictions placed upon the account. Furthermore, not all risks are foreseeable, knowable, or disclosable in a timely manner. For example, issues involving federal or state subsidies are subject to potential legislative and regulatory changes in such subsidies for which the impact cannot be assessed at this time. Future developments, surprise events, or seemingly minor factors that can result in major losses occur frequently in finance and can have a material adverse effect on a client's portfolio. It is CFI's belief that investors tend to be dismissive of risk warnings and complacent about taking action. Clients should make sure they fully understand all potential risks and disclosures by CFI, custodians and others.

## **ITEM 9 - DISCIPLINARY INFORMATION**

### **Legal and Disciplinary**

CFI is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of management. CFI does not have any required disclosures to this Item.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Financial Industry Activities and Affiliations**

CFI is affiliated with Brentview. Brentview owns 50% of CFI and Bluestone Enterprises, LLC, which owns more than 25% of Brentview, owns 50% of CFI. James Ralph Boothe is the sole member of Bluestone Enterprises, LLC. CFI may allocate or recommend that the client allocate all or a portion of the client's portfolio to Brentview as a Sub-Advisor for the management of equity assets. CFI's fees and Sub-Advisor fees are described in Item 5. CFI may refer clients for the management of equity assets to Brentview and Brentview may refer its clients to CFI for the management of bond portfolios. CFI and Brentview will share equally in the advisory fees clients pay for such cross marketing referrals. This presents a conflict of interest as CFI will have

an incentive to refer clients to Brentview or select Brentview as a Sub-Advisor over another equity manager due to its affiliation and the sharing of advisory fees. When recommending advisory services, we have a fiduciary duty to recommend services that are in the best interest of the client regardless of whether we receive compensation for that service. In the case of selecting Sub-Advisors, the client grants us the authority to retain the Sub-Advisor in the agreement signed with CFI. In the case of referrals, clients are under no obligation to engage Brentview for equity management and the decision to engage any equity manager rests solely with the client.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

CFI believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. CFI has adopted a Code of Ethics that sets forth the standards of conduct expected of advisory personnel. It requires advisory personnel to report, and CFI to monitor and address certain business activity or conduct to avoid potential conflicts of interest. CFI's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. The Code of Ethics stresses compliance with fiduciary duties, fair dealing, confidentiality, prohibitions of insider trading, adherence to applicable state and federal securities laws, regulatory matters, and material disclosures. A written copy of the Code of Ethics is available upon request.

### **Personal Trading**

CFI regularly monitors all employees' personal securities transactions to ensure compliance with the firm's policies and procedures. All employees must submit a quarterly statement of securities transactions which are reviewed by the firm's Chief Compliance Officer. In addition, each employee must sign an annual holdings report and provide a copy of the year-end statement held from any brokerage accounts in which reportable securities are held. Both reviews help CFI confirm that the personal trading of employees does not affect the markets, and that CFI clients receive preferential treatment.

CFI requires that all officers, directors, and employees reveal to the Chief Compliance Officer their interest in securities of the same class as those purchased or sold for clients. So that no employee trades their own securities ahead of client trades, all officers, directors, and employees are prohibited from purchasing or selling an equity security for their own account within 24 hours either preceding or following an anticipated purchase or sell transaction done by CFI on behalf of its clients. CFI does not participate in Initial Public Offerings ("IPO") of equity securities, nor does it allow its employees to do so.

## Participation in Client Transactions

### Aggregation with Client Orders

CFI may aggregate trades in like securities among client accounts. Employees are prohibited from participating on their own behalf in aggregated orders.

We describe our aggregation practices in detail under ***Aggregation and Allocation of Transaction*** below in ***Item 12***.

### Client Privacy

In compliance with the Gramm-Leach Bliley Act and SEC Regulation S-P, CFI has established and maintains procedures to safeguard its clients' confidentiality. All client accounts are handled with discretion. As an investment adviser, CFI conducts all its clients' investment activities through third-party custodians (See ***Custody*** below). As a general practice, CFI will share a client's personal information with that client's respective custodian. CFI may also, upon the client's approval, share transaction information with the client's accountant or attorney. CFI does not sell or intentionally share any personal nonpublic information with any third party other than the custodian, authorized third parties as described above, or as required or permitted by law. Only authorized employees are permitted access to and empowered to disclose nonpublic data. Additionally, CFI maintains physical, electronic, and procedural safeguards to protect all client nonpublic personal information.

CFI maintains in its files the privacy policies of its clients' custodians as well as those broker/dealers and other vendors serving CFI. CFI routinely monitors these privacy policies and makes every effort to inform a client of changes that affect their account. However, CFI recommends that clients also maintain their own set of applicable records (i.e. custodial notices). It is the client's responsibility to review these policies and to exercise any "opt-out" option if so desired.

As a federally regulated Registered Investment Advisor, CFI is subject to examination by the Securities and Exchange Commission (SEC). SEC auditors are granted access to any and all of CFI's records as they may reasonably request.

## ITEM 12 - BROKERAGE PRACTICES

### Selection of Brokerage Firms

#### Discretionary Separately Managed Portfolios

CFI reserves the right to select the brokerage firms and brokers through whom securities transactions are executed and the commission rate at which securities transactions are executed unless directed otherwise by its clients. In selecting brokerage firms and brokers, the

firm evaluates their effectiveness, efficiency in executing transactions, and competitiveness of net prices. The firm negotiates, whenever possible, the commission rate on all discretionary trades, striving to achieve commission discounts that are competitive with those offered by other firms for like transactions. CFI receives no fees or commissions from any of these arrangements.

Clients may direct the use of any broker/dealer of their choice. If so directed, CFI may be unable to negotiate commissions, obtain volume discounts, or otherwise ensure best execution. The use of a directed broker/dealer may result in a disparity in commission charges vis-à-vis the firm's other clients.

## **Best Execution and Allocation**

### **Purchase Transactions**

CFI actively manages its clients' portfolios. The firm has trading relationships with over forty (40) broker/dealers nationwide. The firm's portfolio managers are constantly evaluating a wide variety of offerings in both the primary and secondary markets. Individual acquisitions are made based on a client's specific goals and objectives. Should a specific offering fit more than one portfolio, bonds are allocated, if possible, on a pro-rata basis in keeping with the standard lot size for each account. When the lot size does not allow pro-rata other factors such as most recent transactions, availability of settlement funds and similar holdings within the portfolio are applied in an effort to ensure that all clients are treated fairly.

Although CFI strives to comply with a client's desires, clients should be aware that the use of a custodian requiring trade executions SOLELY through the Prime Broker system may experience disparities similar to those previously discussed with regard to directed brokerage or other factors that could affect the best execution of trades.

### **Sale Transactions**

In most cases, CFI will put bonds it wishes to sell on behalf of the client out for competitive bid.

Occasionally CFI may wish to re-purchase such bonds for another CFI client. In such cases, CFI adheres to specified procedures. CFI prohibits the need to purchase securities as the sole reason for identifying sale candidates nor does it allow the need to sell an issue as the sole reason for purchase of such by another. CFI's **sole intent** for doing a sell and buyback trade is to act in the best interest of both clients. In accordance with their respective investment objectives. Sell and buyback trades are only used when it is of conspicuous advantage to both accounts in the absence of appropriate and comparable alternatives.

Specifically, CFI must 1) determine an acceptable purchase price in advance and 2) indicate its bid price to an approved broker dealer BEFORE the bids are due. These trades become part of the Sell/ Buy back compliance policy that has been instituted by CFI. These trades will be



approved by compliance and recorded by trading with the backup documents required by the policy. Bonds traded under these circumstances are not considered to fall within the “cross transaction” category.

### **Directed Brokerage Transactions**

CFI is prepared to work with any broker-dealer that the client chooses. The above disclosure outlines the brokers and custodians that CFI recommends. Clients who direct CFI to use a particular broker-dealer for all trading may pay higher commission charges. Under these circumstances, CFI may not have authority to negotiate commissions or obtain volume discounts and best execution may not be achieved. Clients should further understand that when they direct CFI to use a specific broker, investment options are often limited and disparity in transaction charges might exist between the transaction costs charged to other clients. CFI may not be able to aggregate orders to reduce transaction costs, and clients who direct CFI to use a particular broker-dealer may receive less favorable prices.

### **Aggregation and Allocation of Transactions**

CFI may aggregate trades in like securities among client accounts for block trading purposes if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client investment advisory agreement. Each account will participate in an aggregated order at the average price, with all transaction costs shared on a pro-rata basis. No account will be favored over any other, but on block orders that are only partially filled, priority will generally be given first to accounts based on invested status, with a reasonable attempt to prorate allocations. Invested status is determined either individually or in combination with many factors including amount of cash held, percentage of cash held versus total account value, amount of specific security held and percentage thereof versus the total account value, amount of specific issuer exposure and percentage of sector exposure versus total account value or other relevant issues. Block trading in no way diminishes the individual attention given to client accounts and indeed can allow for better overall execution and generally reduced trading costs. Trades will not be combined if, in CFI’s opinion, to do so would be to a client’s disadvantage.

### **Gains and Losses**

When comparing municipal bond performance investors are advised to keep in mind that the need for tax-free income should be weighted heavily against gains-taking to improve the total return of the portfolio. Gains-taking without the benefit of offsetting losses more often than not simply converts a superior future stream of tax-free income into a present tax liability while sacrificing advantageous and often irreplaceable cost yields. For this reason, the yearly number of transactions within CFI managed portfolios, depending on investment parameters, may vary widely.

Clients are responsible for any tax liabilities that result from transactions in their account. CFI uses the FIFO (“First In, First Out”) method when calculating gains and losses, unless directed otherwise by the client at the time the account is opened. It is the client’s responsibility to notify CFI if an alternate accounting methodology is desired.

### **Soft Dollar Arrangements**

CFI does not engage in soft dollar arrangements, nor does it compensate broker dealers for any client referrals.

## **ITEM 13 - REVIEW OF CLIENT ACCOUNTS**

### **Ongoing Portfolio Reviews**

All investment advisory accounts are reviewed quarterly by the firm’s Chief Investment Officer (“CIO”). In addition, securities are monitored on a monthly basis. This process provides an ongoing discipline. Accounts are reviewed with regard to asset allocation, diversification, credit quality, liquidity and the level of current income consistent with the goals and objectives of each client.

### **Periodic Client Reviews**

#### **Discretionary Separately Managed Portfolios**

CFI meets with each direct client at least once a year. New clients are invited to meet with CFI’s portfolio managers on a more frequent basis during the first year. Meetings are normally done in person at CFI’s offices, the client’s home or office, or at a mutually convenient location. At the client’s request, CFI will conduct an account review by telephone. All reviews are conducted either by the firm’s CIO or a senior portfolio manager. A research analyst may or may not be present, depending on the complexity of portfolio holdings.

During the annual review clients will generally receive both a written and verbal review of their portfolio’s performance, an analysis of its holdings, and, where applicable, a recap of their investment policy statement. CFI believes that there is no substitute for a candid, open discussion of a client’s investment requirements and CFI’s capabilities. It is our firm’s policy to advise clients what we believe to be the best thing to do and then do what our clients ask us to do.

For accounts allocated to CFI for sub-advising, while CFI generally communicates with and provides reports to the Primary Investment Adviser rather than with the client directly, CFI is available to meet with or discuss any questions with the client.

Clients are encouraged to notify CFI of any material changes in their investment needs or other potential life changing issues that would impact their overall investment requirements. When

necessary, a client meeting will be scheduled to review these events and to adjust the investment strategy accordingly.

## **Account Reporting**

CFI provides trade notifications for trades placed by CFI and quarterly appraisals to all clients. The trade notifications, which are mailed to clients following each transaction, list the description of securities, CUSIP numbers, trade and settlement dates, number of shares or par value, unit price, principal, commissions, interest, SEC fees and net amounts. For trades placed by a Sub-Advisor, clients receive statements directly from their custodian reflecting all transactions made in the account. The quarterly appraisals list all securities held, the number of shares or par value, the market price and value. At calendar or fiscal year-end, all “discretionary” clients are also given an annual report, summarizing all transactions involving capital gains and losses, dividend and interest income, and other pertinent data affecting tax information. This report is for informational purposes only, with the sole intent being to assist clients and their tax preparers with tax related information. CFI is not required to make any 1099 filings with the IRS on behalf of its clients nor does it bear any responsibility for the accuracy of such filings by other parties, including but not limited to the filing made by the client’s custodian. CFI makes no representation as to the accuracy of its calculations and encourages clients to verify such figures with their CPA or other tax professional.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### **Affiliation Referrals**

As previously stated in Item 10 above, CFI may allocate or recommend that the client allocate all or a portion of the client’s portfolio to Brentview as a Sub-Advisor. CFI’s fees and Sub-Advisor fees are described in Item 5. CFI may refer clients for the management of equity assets to Brentview and Brentview may refer its clients to CFI for the management of bond portfolios. CFI and Brentview will share equally in the advisory fees clients pay for such cross marketing referrals. This presents a conflict of interest as CFI will have an incentive to refer clients to Brentview or select Brentview as a Sub-Advisor over another equity manager due to our affiliation and the sharing of advisory fees. When recommending advisory services, we have a fiduciary duty to recommend services that are in the best interest of the client regardless of whether we receive compensation for that service. In the case of selecting Sub-Advisors, the client grants us the authority to retain the Sub-Advisor in the agreement signed with CFI. In the case of referrals, clients are under no obligation to engage Brentview for equity management and the decision to engage any equity manager rests solely with the client.

### **Solicitor Relationships**

If an unaffiliated person introduces a client to CFI, we may compensate that promoter through direct or indirect compensation in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. The

promoter will disclose the at the time of the solicitation whether they are or are not a current client of the firm; whether they will receive any cash or non-cash compensation for the referral; and a statement that the receipt of compensation for a referral creates a conflict of interest. In addition, the promoter will provide each prospective client with a copy of a written disclosure statement disclosing the terms and conditions of the arrangement between CFI and the promoter, including the compensation the promoter will receive from CFI.

## Referrals From Broker-Dealers

Occasionally CFI receives a client referral from a broker familiar with CFI's management style. CFI is happy to meet with the prospective client. CFI does not guarantee the acceptance of a referral as an account even if said referral meets CFI's minimum requirements. CFI will not charge clients referred from a broker any fees or costs higher than our standard fee schedule. Working with these brokers who refer CFI clients raises potential conflicts of interest. When these types of brokers refer clients to us it is most likely because they are familiar with our management style and believe it is in the best interest of their client. CFI makes no commitment to direct business to the referring broker. CFI's compliance policy prohibits the compensation of any broker for a client referral either directly or indirectly through future trade commissions or soft dollar arrangements (see **Soft Dollar Arrangements**). The firm's compliance and operations staffs closely monitor broker commissions in an effort to ensure that no favoritism is given.

## ITEM 15 – CUSTODY

### Third Party Custodian Requirement

CFI conducts all its clients' activities through an independent third-party custodian selected by the client. CFI has limited custody of our clients' funds or securities when clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee. Clients always maintain complete authority to access their assets and funds directly from the custodian.

CFI has through the years worked closely with a variety of custodians who are both skilled in the clearing and safekeeping of fixed income securities as well as offering competitive pricing for their services. We are happy to recommend those custodians whose services best meet a client's needs. New clients will be asked by the custodian of their choice to complete and submit an account application. Our operations department stands at the ready to assist with any questions or concerns new clients might have regarding the application. Upon approval by the custodian, CFI will ensure that clients are supplied with the appropriate contact information for said custodian and the procedures for depositing and withdrawing securities and cash to and from their account.

## Account Statements

CFI's clients have the option of receiving an account statement from their authorized custodians on either a quarterly or monthly basis. All CFI authorized custodians have agreed to provide such an account statement, either by mail or electronically at the client's choosing. Clients who do not receive a statement from their qualified custodian at least quarterly should notify us. Clients are encouraged to compare the valuation of their CFI portfolio against the valuation reported by their custodian. While there will always be some slight differences as individual securities prices may vary and, in some cases, accrued interest is not shown on the custodian's statement, clients are advised to notify CFI promptly should there be a significant disparity in how a particular asset is priced.

## ITEM 16 - INVESTMENT DISCRETION

### Discretionary Authority for Trading

CFI has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. CFI will not contact clients before placing trades in their account, but CFI will provide each client with a written "trade authorization" which outlines the details of the transaction for all trades placed in a client's account. Clients grant us discretionary authority in the contracts they sign with us or with the Primary Investment Adviser (in a sub-advisory relationship). Clients also give us settlement authority over their accounts when they sign the custodian paperwork.

Please see above ***Types of Clients*** in ***Item 7*** for additional information regarding account requirements for discretionary accounts.

### Non-Discretionary Management

For non-discretionary accounts, we make recommendations to clients on what securities or products to buy or sell, and it is up to the client to approve our recommendations. Once we receive approval from the client to go forward, we will execute the transaction on behalf of the client's account. Non-discretionary clients will receive a confirmation directly from the executing broker. CFI will facilitate the settlement of the trade; however, it is the Client's responsibility to notify the custodian and to ensure there are sufficient funds available.

Please see above ***Types of Clients*** in ***Item 7*** for additional information regarding account requirements for non-discretionary accounts.

### Discretionary Authority for Sub-Advised Accounts

The Sub-Advisor has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for sub-advised accounts. The Sub-Advisor will not contact clients before

placing trades in their account. Clients grant the Sub-Advisor discretionary authority in the contracts they sign with us.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Votes

CFI does NOT vote any proxies on behalf of its clients and the client is ultimately responsible for collecting a proxy and submitting it in a timely fashion. However, clients may call us if they have questions about a particular solicitation. CFI will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

For any assets managed by a Sub-Advisor, the Sub-Advisor may vote the proxies solicited by or with respect to issuers of securities held by the account that is managed by the Sub-Advisor. The custodian will forward all voting proxies for securities included in the client's sub-advised account to the Sub-Advisor. Sub-Advisor's proxy voting policies are summarized in that Sub-Advisor's Form ADV Part 2A or Part 2A Appendix 1 that will be provided to the client. The Sub-Advisor will not advise or act for the client with respect to any legal matters, including bankruptcies and class actions, with respect to the securities held or formerly held in the client's sub-advised Account.

## ITEM 18 - FINANCIAL INFORMATION

CFI does **not** require the prepayment of more than \$1,200 in fees per client, six months or more in advance. CFI does not foresee any financial condition that is reasonably likely to impair the firm's ability to meet its contractual commitments to clients.