

## Item 1 – Cover Page

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February 22, 2024

This Brochure provides information about the qualifications and business practices of Forest Asset Management, LLC (“FAM”). If you have any questions about the contents of this Brochure, please contact us at (708) 447-7086. 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.

FAM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about FAM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for FAM is 139795.

## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since our last annual update and provide clients with a summary of such changes.

- Items 5 and 10 describe the use of Buckingham Strategic Partners, LLC to act as a sub-advisor for certain client accounts;
- Item 5 was updated to describe how Trustee directed retirement plans are billed; and
- Item 14 the word "primarily" was removed to describe how FAM recommends DFA, a mutual fund and ETF provider.

Additionally, we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on February 22, 2024.

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

Currently, our Brochure may be requested by contacting Mark Pesavento, Member, or JoAnn May, Managing Member & Chief Compliance Officer at (708) 447-7086. Our Brochure is also available on our web site [www.forestasset.com](http://www.forestasset.com) also free of charge.

(Brochure Date: 02/22/2024)

(Date of Most Recent Annual Updating Amendment: 02/22/2024)

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## Item 4 – Advisory Business

FAM is owned by two individual Members, Mr. Mark Pesavento and Ms. JoAnn May. FAM has been providing advisory services since 2006.

As of December 31, 2023, FAM managed \$184,587,707 on a discretionary basis. FAM also advised on \$3,972,535 of participant-directed retirement plan assets.

### **Investment Management Services:**

FAM manages investment portfolios for individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses. FAM will work with the client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. FAM uses investment and portfolio allocation software to evaluate alternative portfolio designs. FAM evaluates the client's existing investments with respect to the client's investment policy statement. FAM works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by FAM. FAM will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold regular review meetings with the client regarding the account as necessary.

FAM will typically create a portfolio of passive and/or evidence-based mutual funds and Exchange Traded Funds (ETFs) and may use model portfolios if the models match the client's investment policy. FAM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. FAM primarily recommends portfolios consisting of mutual funds and ETFs offered by Dimensional Fund Advisors (DFA). DFA-sponsored securities follow a passive asset class investment philosophy with low holdings turnover. Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified in the client's Investment Policy Statement (IPS).

FAM manages securities portfolios on a discretionary basis. A client may impose any reasonable restrictions on FAM's discretionary authority, including restrictions on the types of securities in which FAM may invest client's assets and on specific securities, which the client may believe to be appropriate.

FAM may also recommend fixed income portfolios to advisory clients, which consist of managed accounts of individual bonds. FAM will request discretionary authority from advisory clients to manage fixed income portfolios, including the discretion to retain a third party fixed income manager. FAM will prepare a separate Fixed Income Investment Policy Statement for any client qualifying for separate fixed income portfolio services.

Pursuant to its discretionary authority, FAM will retain an independent separate account manager ("Independent Manager") for the management of client portfolios. The Independent Manager will be provided with the discretionary authority to invest client assets in securities consistent with the client's

Investment Policy Statement. The Independent Manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). FAM has hired Buckingham Strategic Partners ("BSP") as its primary Independent Manager.

On an ongoing basis, FAM will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. FAM will periodically, and at least annually, review client's investment policy, risk profile and discuss the re-balancing of each client's accounts to the extent appropriate. FAM will provide to the Investment Manager any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, FAM may consult with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

FAM may occasionally provide project-based financial consulting services on an hourly fee basis that address some or all of the wealth management services offering described above.

#### **Employee Benefit Retirement Plan Services:**

FAM also provides advisory services to participant-directed retirement plans through third-party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation, and investment education.

FAM will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. FAM will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

FAM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. FAM generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, FAM also works in coordination and support with Buckingham Strategic Partners. Retirement plan clients will engage both FAM and Buckingham Strategic Partners. Buckingham Strategic Partners will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintain the plans' investments according to the goals and investment objectives of the plan.

FAM will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

## **Financial Planning Services:**

FAM also provides advice in the form of a Financial Plan. Clients purchasing this service may receive a written financial plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives. In general, the financial plan will address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. FAM may illustrate the impact of various investments on a client's current income tax and future tax liability.
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- Investments: Analysis of investment alternatives and their effect on a client's portfolio.
- Estate: Analysis of financial issues with respect to living trusts, wills, estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.
- Insurance: Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

FAM gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and a written report may be prepared. Should a client choose to implement the recommendations contained in the plan, FAM suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

## **Use of Third-Party Sub-Advisers:**

FAM has retained Buckingham Strategic Partners, LLC ("BSP") to act as a sub-advisor for certain client accounts. BSP shall provide various model asset allocation portfolios (each a "Portfolio", collectively "Portfolios") for selection by FAM. Each Portfolio strives to achieve long-term risk and return objectives through diversification among multiple asset classes using investment options available to BSP, which may include, but not limited to, mutual funds and/or exchange traded funds from Dimensional Fund Advisors LP, Bridgeway Capital Management, Inc., AQR Capital Management, LLC, The Vanguard Group, Inc., Stoneridge Asset Management, LLC or other providers selected by BSP. Each Portfolio is designed to meet a particular investment goal which FAM has determined is suitable based on the client's circumstances. Once the appropriate Portfolio(s) has been determined, the Portfolio will continuously be managed based on the portfolio's goal and BSP will have the discretionary authority to manage the Portfolio(s), including periodically rebalancing. However, Adviser, on behalf of its client, will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Should material life events occur, clients should immediately contact FAM to determine if changes to an account and the allocation of the assets held in the account are necessary.

## **Item 5 – Fees and Compensation**

In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable.

FAM has contracted with Buckingham Strategic Partners for services, including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. FAM has also contracted with BSP for certain sub-advisory services. In certain instances, FAM pays a fee for these BSP services based on management fees paid to FAM on accounts that use BSP services. The fee paid by FAM to BSP varies based on the total client assets administered and/or sub advised by BSP through FAM. These fees will not be separately charged to advisory clients are included within the advisory fees charged to clients. There may be other fees Advisor clients may pay to BSP directly under separate fee agreements.

The specific manner in which fees are charged by FAM is established in a client's written agreement with FAM. Investment Management and Employee Benefit Plan clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which FAM calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted (date of first trade).

For Investment Management and Employee Benefit Plan Services, FAM will request authority from the client to delegate discretion to trade in the client's account, and to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to FAM or its designated service provider, BSP, to withdraw fees from the account. Clients will receive custodial statements showing the advisory fees debited from their account(s). Certain third-party administrators will calculate and debit FAM's fee and remit such fee to FAM.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. FAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to FAM for investment advisory services are

separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to FAM's fee, and FAM shall not receive any portion of these commissions, fees, and costs.

### **Advisory Fees**

#### **Investment Management Services:**

The annual fee for investment management services, including trustee-directed retirement plans, will be charged as a percentage of assets under management, according to the schedule below:

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
\$200,000 - \$499,999	1.25%
\$500,000 - \$999,999	1.00%
\$1,000,000 - \$1,999,999	0.90%
\$2,000,000 - \$2,999,999	0.80%
\$3,000,000 - \$4,999,999	0.70%
\$5,000,000 or greater	0.60%

In 2017 and prior years FAM followed a separate fee schedule, which remains in effect with clients who signed agreements with FAM during such period and who have not agreed to an amended advisory fee schedule.

FAM generally requires a minimum account size of \$200,000 for Investment Management Services with a minimum quarterly fee amount of \$625. If a client portfolio is under \$200,000 in AUM, the minimum fee will be applied. All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts.

#### **Employee Benefit Retirement Plan Services:**

The annual fee for participant-directed plan services will be charged as a percentage of assets within the plan.

<b>Assets Under Advisement</b>	<b>Buckingham Strategic Partners Annual Fee</b>	<b>FAM Annual Fee</b>	<b>Total Fee</b>
On the first \$1,000,000	0.20%	0.70%	0.90%
On the next \$4,000,000	0.15%	0.45%	0.60%
On the next \$5,000,000	0.08%	0.25%	0.33%
On all amounts above \$10,000,000	0.05%	0.15%	0.20%



Pre-existing advisory clients will continue to be billed fees as originally contracted for. This fee rate applies to new Employee Benefit Retirement Plan Services clients.

Employee Benefit Retirement Plans Services clients receiving services from FAM are generally subject to a minimum account size of \$200,000 with a minimum quarterly fee amount of \$625. Trustee directed retirement plans are billed using the fee schedule under Investment Management Services.

### **Financial Planning Services:**

Financial Planning fees will be charged on an hourly basis based on an hourly rate of \$350 per hour. If appropriate, an estimate for total hours may be determined at the start of the advisory relationship. 50% of the estimated fee may be due upon signing the advisory agreement, with the balance (based on actual hours) due upon presentation of the plan to the client.

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

FAM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

FAM provides services to individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses.

A minimum of \$200,000 of assets under management is generally required for the mutual fund and equity management services (including bond funds). If a client portfolio is under \$200,000 in AUM, the minimum fee will be applied. A separate minimum of \$500,000 is generally required for management services of portfolios of individual fixed income securities. These minimum account sizes may be negotiable under certain circumstances.

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

### **Methods of Analysis and Investment Strategy**

FAM's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. FAM's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation

decisions, rather than market timing or stock picking. FAM recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. FAM selects or recommends to clients portfolios of securities, principally broadly-traded open end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, FAM's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. FAM's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that FAM's strategy seeks to minimize.

In the implementation of investment plans, FAM therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. FAM may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and FAM may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

FAM's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

FAM receives supporting research from Buckingham Strategic Partners and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). FAM utilizes DFA-sponsored securities in client portfolios. DFA securities follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to FAM.

#### *Analysis of a Client's Financial Situation*

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, FAM relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, FAM may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

## Risk of Loss

### **Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs, equities and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The securities utilized by FAM may include mutual funds and ETFs invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in FAM's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain securities utilized by FAM may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

### **Interval Fund Risk**

An interval fund is a type of closed-end fund containing shares that do not trade on the secondary market. Instead, the fund periodically offers to buy back a percentage of outstanding shares at net asset value.

The rules for interval funds, along with the types of assets held, make this investment largely illiquid compared with other funds. The primary reasons for investors to consider investing in interval funds FAM may utilize include, but are not limited to, gaining exposure to certain risk categories that provide diversified sources of expected returns, part of which may be in the form of illiquidity premiums. Access to the intended risk and expected return characteristics may not otherwise be available in more liquid, traditional investment vehicles.

Where appropriate, FAM may utilize certain interval funds structured as non-diversified, closed-end management investment companies, registered under the Investment Company Act of 1940. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to

sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired, and the fund may suspend or postpone purchases. Clients should carefully review the fund's prospectus to more fully understand the interval fund structure and the corresponding liquidity risks. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some or all of the investment.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FAM or the integrity of FAM's management. FAM has no information applicable to this Item.

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

### *Mark Pesavento-Other Business Activities*

Mark Pesavento is the owner of a separate consulting business, Mark S. Pesavento, LLC. The entity provides business consulting services.

Mr. Pesavento Mark Pesavento serves as the President of Cleco Industrial Fasteners Company, Inc. of which he is a 100% owner. Mr. Pesavento is also a minority shareholder of Pure Wine Incorporated, a wine distributor.

Mark Pesavento splits his time between advisory services, Cleco and business consulting services for Mark S. Pesavento LLC.

### *Buckingham Strategic Partners*

As described above in [Item 4](#), FAM may exercise discretionary authority provided by a client to select an independent third-party investment manager for the management of portfolios of individual fixed income securities. FAM selects Buckingham Strategic Partners for such fixed income management. FAM also contracts with Buckingham Strategic Partners for back office services and assistance with portfolio modeling. FAM has a fiduciary duty to select qualified and appropriate managers in the client's best interest and believes that Buckingham Strategic Partners effectively provides both the back-office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of FAM continuously makes this assessment. While FAM has a contract with Buckingham Strategic Partners governing a time period for back office services, FAM has no such fixed

commitment to the selection of Buckingham Strategic Partners for fixed income management services and may select another investment manager for clients upon reasonable notice to Buckingham Strategic Partners.

As a fiduciary, FAM has certain legal obligations, including the obligation to act in clients' best interest. FAM maintains a Succession Plan and seeks to avoid a disruption of service to clients in the event of an unforeseen loss of key personnel, due to disability or death. To that end, FAM has entered into a succession agreement with Buckingham Asset Management, LLC effective July 11, 2016. FAM can provide additional information to any current or prospective client upon request JoAnn May, Member and Chief Compliance Officer, at (708) 447-7086.

#### Use of Third-Party Sub-Advisers:

FAM has retained Buckingham Strategic Partners, LLC ("BSP") to act as a sub-advisor for certain client accounts. BSP shall provide various model asset allocation portfolios (each a "Portfolio", collectively "Portfolios") for selection by FAM. Each Portfolio strives to achieve long-term risk and return objectives through diversification among multiple asset classes using investment options available to BSP, which may include, but not limited to, mutual funds and/or exchange traded funds from Dimensional Fund Advisors LP, Bridgeway Capital Management, Inc., AQR Capital Management, LLC, The Vanguard Group, Inc., Stoneridge Asset Management, LLC or other providers selected by BSP. Each Portfolio is designed to meet a particular investment goal which FAM has determined is suitable based on the client's circumstances. Once the appropriate Portfolio(s) has been determined, the Portfolio will continuously be managed based on the portfolio's goal and BSP will have the discretionary authority to manage the Portfolio(s), including periodically rebalancing. However, Adviser, on behalf of its client, will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Should material life events occur, clients should immediately contact FAM to determine if changes to an account and the allocation of the assets held in the account are necessary.

BSP may pay various forms of direct and indirect compensation to FAM or its representatives for reasonable business or educational purposes as described in BSP's Form ADV Part 2A.

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

FAM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. FAM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth FAM's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with FAM may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of FAM that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, FAM requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. FAM also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

FAM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. FAM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

FAM will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

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

## **Item 12 – Brokerage Practices**

### **Investment Management Services:**

FAM arranges for the execution of securities transactions with the assistance of Buckingham Strategic Partners. Through Buckingham Strategic Partners, FAM participates in the Schwab Advisor Services (SAS) program offered to independent investment advisers by Charles Schwab & Company, Inc., and the Fidelity Institutional Wealth Services (FIWS) program sponsored by Fidelity Brokerage Services, LLC ('Fidelity'). Schwab and Fidelity are unaffiliated SEC-registered broker-dealers and FINRA member broker dealers. Each offers to independent investment advisers, services, which include custody of securities, trade execution, clearance and settlement of transactions.

With respect to retirement plans, 529 plans and after-tax annuities, FAM participates in the TIAA-CREF Financial Advisor Program offered to fee-only advisors.

The Schwab and Fidelity brokerage programs will generally be recommended to advisory clients for the execution of mutual fund, ETF and equity securities transactions. FAM regularly reviews these programs

to ensure that its recommendations are consistent with its fiduciary duty. These trading platforms are essential to FAM's service arrangements and capabilities, and FAM may not accept clients who direct the use of other brokers. As part of these programs, FAM receives benefits that it would not receive if it did not offer investment advice (See the disclosure under [Item 14](#) of this Brochure).

Additionally, FAM offers a cash management aggregator system named Flourish Cash. Flourish Cash is a service offered by an unaffiliated third-party, Flourish Financial LLC. A Flourish Cash account is a brokerage account whereby the cash balance is swept from the brokerage account to deposit accounts at one or more third-party banks that have agreed to accept deposits from customers of Flourish Cash. Flourish Financial LLC is a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company. Please refer to the applicable disclosures provided separately by Flourish Financial LLC on account opening.

As FAM will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid for mutual fund and equity securities transactions, clients must direct FAM as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that FAM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

FAM will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by FAM on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of the portfolio manager.

Schwab and Fidelity do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While FAM will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

FAM generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which FAM arranges transactions. Buckingham Strategic Partners, in the management of client portfolios, will aggregate certain transactions among client accounts that it manages, in which case an FAM client's orders may be aggregated with an order for another client of Buckingham Strategic Partners who is not an FAM client. See Buckingham Strategic Partners' Form ADV Part 2.

FAM also does not have any arrangements to compensate any broker dealer for client referrals.

FAM does not maintain any client trade error gains. FAM makes client whole with respect to any trade error losses incurred by client caused by FAM.

### **Employee Benefit Retirement Plan Services:**

FAM does not arrange for the execution of securities transactions for plans as a part of this service. Transactions are executed directly through employee plan participation.

### **Financial Planning Services:**

FAM's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning recommendations. FAM may recommend any one of several brokers. FAM clients must independently evaluate these brokers before opening an account. The factors considered by FAM when making this recommendation are the broker's ability to provide professional services, FAM's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. FAM's financial planning clients may use any broker or dealer of their choice.

## **Item 13 – Review of Accounts**

### **Reviews:**

#### **Investment Management Services:**

Account assets are supervised continuously and formally reviewed quarterly by Supervised Persons of FAM, Mark Pesavento, JoAnn May, and Tyler May. The review process contains each of the following elements:

- assessing client goals and objectives;
- evaluating the employed strategy(ies);
- monitoring the portfolio(s); and
- addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a specific client request;
- a change in client goals and objectives;
- significant additions/withdrawals from account;
- an imbalance in a portfolio asset allocation; and
- market/economic conditions.

For fixed income portfolios, certain account review responsibilities are delegated to a third party investment manager as described above in Item 1.D.



### **Employee Benefit Retirement Plan Services:**

Plan assets are reviewed on a quarterly basis, and according to the standards and situations described above for investment management accounts.

### **Financial Planning Services:**

These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

### **Reports:**

All clients receiving investment management services will receive quarterly performance reports, prepared by Buckingham Strategic Partners and reviewed by FAM, which summarize the client's account and asset allocation. Clients will also receive at least quarterly statements from their account custodian, which will outline the client's current positions, and current market value.

Employee Benefit Retirement Plan clients generally receive statements only from their account custodian.

Plan sponsors are provided with quarterly information and annual performance reviews from FAM. In addition, plan participant education information may also be provided to the Plan Sponsor or Administrator for distribution to the participants of the plan.

Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

### **Additional Compensation**

As indicated under the disclosure for Item 12, Schwab and Fidelity each respectively provide FAM with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit FAM but may not benefit its clients' accounts. Many of the products and services assist FAM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of FAM's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of FAM's accounts. Recommended brokers also make available to FAM other services intended to help FAM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. FAM

does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, FAM endeavors to act in its clients' best interests, FAM's requirement that clients maintain their assets in accounts at Schwab or Fidelity may be based in part on the benefit to FAM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

DFA, a mutual fund and ETF provider which FAM recommends, provides to Buckingham Strategic Partners (a service provider to FAM) assistance in the production of seminars and other consulting services, as well as continuing education for Buckingham Strategic Partners and FAM personnel. DFA, through a web-based service, may provide referrals of investor clients to FAM. DFA makes such referrals to many investment advisors based on the geographic location of the prospective client. DFA does not provide assistance or compensation to FAM in recruiting investor clients in any other way. DFA provides historical market analysis, risk/return analysis, and continuing education to FAM.

FAM does not have arrangements to compensate persons for client referrals.

## **Item 15 – Custody**

Investment Management and Employee Benefit Plan Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

FAM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority will include the discretion to retain a third party money manager for fixed income accounts. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, FAM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to FAM in writing.

## Item 17 – Voting Client Securities

Proxy Voting: As a matter of firm policy and practice, FAM does not accept the authority to and does not vote proxies on behalf of advisory client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. FAM, however, may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that FAM will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct FAM to transmit copies of class action notices to the client or a third party. Upon such direction, FAM will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about FAM's financial condition. FAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.