

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

December 28, 2023

#### **Mowery & Schoenfeld Wealth Management, LLC**

SEC No. 801-126430

475 Half Day Road, Suite 500  
Lincolnshire, IL 60069

phone: 847-615-1555  
email: [wealthmanagement@msllcwealth.com](mailto:wealthmanagement@msllcwealth.com)  
website: [www.msllcwealth.com](http://www.msllcwealth.com)

This brochure provides information about the qualifications and business practices of Mowery & Schoenfeld Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 847-247-8959. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Mowery & Schoenfeld Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. At this time there are no material changes from the last annual update of this disclosure statement issued on March 17, 2023.

## Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	9
Item 6: Performance-Based Fees and Side-by-Side Management.....	11
Item 7: Types of Clients.....	12
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....	13
Item 9: Disciplinary Information.....	20
Item 10: Other Financial Industry Activities and Affiliations.....	21
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	23
Item 12: Brokerage Practices .....	25
Item 13: Review of Accounts .....	31
Item 14: Client Referrals and Other Compensation.....	32
Item 15: Custody .....	33
Item 16: Investment Discretion.....	34
Item 17: Voting Client Securities.....	35
Item 18: Financial Information .....	36

## **Item 4: Advisory Business**

### **A. Mowery & Schoenfeld Wealth Management, LLC**

Mowery & Schoenfeld Wealth Management, LLC is a registered investment adviser primarily based in Lincolnshire, IL. We are organized as a limited liability company ("LLC") under the laws of the State of Illinois. We have been providing investment advisory services since 1999. We are primarily owned by Jeffery L. Mowery, Keith A. Schoenfeld, and Michael A. Deering.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Mowery & Schoenfeld Wealth Management, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### **B. Advisory Services Offered**

#### **Portfolio Management Services**

In order to develop a portfolio that is appropriate for your financial circumstances we will provide you with a financial plan based on an analysis of your individual needs.

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

In limited situations we may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As part of our portfolio management services, we may use one or more third party money managers ("TPMM") to manage a portion of your account on a discretionary basis. The TPMM(s) may use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by TPMM(s), and may hire and fire any TPMM without your prior approval. We may pay a portion of our advisory fee to the TPMM(s) we use; however, you will not pay our firm a higher advisory fee as a result of any TPMM relationships.

As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

Clients should promptly notify us of any changes in such restrictions or in their personal financial circumstances, investment objectives, goals and tolerance for risk. We will remind clients of their obligation to inform us of any such changes or any restrictions that should be imposed on the management of the client's account. We will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives, and tolerance for risk.

#### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

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

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

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your financial representative, CPA and/or tax attorney.

#### **Selection of Other Advisers**

We may recommend that you use the services of a third-party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your

financial situation and objectives, we may recommend that you engage a specific TPMM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPMM(s)' performance to ensure its management and investment style remain aligned with your investment goals and objectives.

The TPMM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPMM(s) and/or reallocate your assets to other TPMM(s) where we deem such action appropriate.

### **Retirement Plan Participant Account Management (Discretionary)**

We use a third-party platform (Pontera Order Management System), subject to client consent, to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion.

The platform allows us access to view and trade the account. We are not affiliated with the Pontera platform in any way and receive no compensation from them for using such platform. Upon consent of the client, a link will be provided to the client by Pontera allowing them to connect an account(s) to the platform. Once client account(s) is connected to the platform, we will review the current account allocations. When deemed necessary, we will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary. We may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between our firm and the client.

### **Financial Planning Services**

Financial planning services are offered to all our portfolio management clients and included in the overall AUM pricing (please see Item 5.A of this Brochure). We do not offer standalone financial planning.

Our financial planning services typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We also offer financial consulting services that primarily involve advising clients on specific financial-related topics. The topics we address may include, but are not limited to, risk assessment/management, investment planning, financial organization, or financial decision making/negotiation.

### **Retirement Plan Advisory Services**

We provide various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services.

#### **Fiduciary Services**

##### ***Service Level 1***

We will, on a discretionary basis, select the designated diversified investment options for the Plan from which Plan participants may choose. We may also create specific asset allocation models (the "Models") comprised of any and/or all of the designated investment alternatives. The designated investment options and the Models are subject to change at our discretion. We will monitor the Plan investment options on an ongoing and continuous basis and will be responsible for making additions/deletions. Sponsor must approve the QDIA.

##### ***Service Level 2***

We will provide the Sponsor and the Plan with the recommended diversified investment options for the Plan from which Plan participants may choose. We may also create specific asset allocation models (the "Models") comprised of any and/or all of the designated investment alternatives. The Sponsor maintains absolute discretion as to whether or not to accept any of our recommendations, including the Models. Except for Models (for which we will retain ongoing discretionary authority for as long as approved for the Plan by the Sponsor), we will monitor the designated investment alternatives offered by the Plan on at least a quarterly basis, and, to the extent applicable, make recommendations to the Sponsor for additions/deletions.

##### ***Service Level 3***

We will provide the Sponsor and the Plan with recommended diversified investment options (which do not include the Models) from which Plan participants may choose. The Sponsor

maintains absolute discretion as to whether or not to accept any of our recommendations. We will monitor the designated investment alternatives offered by the Plan on at least a quarterly basis, and, to the extent applicable, make recommendations to the Sponsor for additions/deletions.

#### **Additional Fiduciary Services**

QDIA – We will recommend a qualified default investment alternative (“QDIA”) as defined in Section 404(c)(5) of ERISA and related regulations, in which a Plan participant’s assets will be invested in the absence of an affirmative election by a Plan participant. We will also monitor, evaluate, and, if appropriate, recommend changes to the QDIA. Sponsor must approve the QDIA regardless of selecting Service Level 1 above.

Investment Policy Statement – We will revise existing (and/or develop and maintain) an Investment Policy Statement establishing the investment policies and objectives for the Plan, setting forth the asset classes and investment categories to be offered under the Plan, and providing the criteria and standards for selecting and monitoring such assets.

#### **Non-Fiduciary Services**

Participant Education – We will provide Plan participants with up to four (4) annual general informational seminars, to include materials which describe the various investment alternatives available under the Plan, information about investing generally, including information about different types of investments, information about different investment allocation strategies, including information about historical returns, and interactive materials designed to help participants identify appropriate investment strategy.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client’s account will be managed on the basis of the client’s financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

We do not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

As of December 31, 2022, we provided continuous management services for \$182,221,584 in client assets on a discretionary basis.



## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### Portfolio Management Services

Our fee for portfolio management services is based on a percentage of the assets in your account and is set forth in the following annual fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$1,000,000	1.00%
\$1,000,001 - \$4,000,000	0.75%
\$4,000,001 - \$10,000,000	0.50%
Over \$10,000,000	0.25%

Our annual portfolio management fee is billed and payable, quarterly in advance, based on the balance at end of the billing period. Our fee is negotiable based on the types of investments in your portfolio. For example, if your accounts are primarily invested in fixed income products, the negotiated fee may be lower than if your account is invested in equities.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. No fee adjustments will be made for partial withdrawals or account appreciation or depreciation within a billing period.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

A client investment advisory agreement may be canceled by either party upon written notice. Upon termination of any account, any unearned, prepaid fees will be promptly refunded.

#### Third-Party Money Manager Fees

Advisory fees charged by third-party money managers ("TPMM") are separate and apart from our advisory fees. Assets managed by TPMMs will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Services* section in this brochure. Advisory fees that you pay to the TPMM are established and payable in accordance with the brochure provided by each TPMM to whom you are referred. These fees may or may not be negotiable. You should review the recommended TPMM's brochure and take into consideration the TPMM's fees along with our fees to determine the total amount of fees associated with this program.

You may be required to sign an agreement directly with the recommended TPMM(s). You may terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how you may terminate your advisory relationship with the TPMM and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with the TPMM.

### **Retirement Plan Advisory Services Fees**

Each engagement is individually negotiated in advance and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the agreement, and the fees vary based on the scope of the services to be rendered and assets to be managed.

## **B. Client Payment of Fees**

We generally require fees to be prepaid on a quarterly basis. Advisory fees will be deducted directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using our firm may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

## **D. External Compensation for the Sale of Securities to Clients**

Our advisory professionals are compensated primarily through a salary and bonus structure and portion of advisory fees. Our advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 10.C. for detailed information and conflicts of interest.

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

We do not charge performance-based fees and therefore have no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

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

We offer investment advisory services to individuals (other than high net worth individuals), high net worth individuals, and pension and profit sharing plans (but not the plan participants).

In general, we require a minimum of \$1,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

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

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

#### **Methods of Analysis**

We use a variety of sources of data to conduct our economic, investment and market analysis, which may include financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Our investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, we review research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. We may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **Mutual Funds, Individual Securities, Third-Party Separate Account Managers, and Pooled Investment Vehicles**

We may recommend "institutional share class" mutual funds, individual securities (including fixed income instruments), and pooled investment vehicles. We may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum

amount of assets established by that manager—a factor that we will take into account when recommending managers to clients.

Although we will seek to select only separate account managers who will invest clients' assets with the highest level of integrity, our selection process cannot ensure that money managers will perform as desired, and we will have no control over the day-to-day operations of any of the selected managers. We would not necessarily be aware of certain activities at the underlying manager level, including without limitation a manager's engaging in unreported risks, investment "style drift," or even regulatory breaches or fraud.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

We have formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

We may utilize additional independent third parties to assist us in recommending and monitoring individual securities, mutual funds, managers, and pooled investment vehicles to clients as appropriate under the circumstances.

We review certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to our clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by us on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager (both of which are negative factors in implementing an asset allocation structure).

We may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. We will endeavor to obtain equal treatment for our clients with funds or managers, but cannot assure equal treatment.

We will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

### **Material Risks of Investment Instruments**

We may invest in open-end mutual funds and exchange-traded funds for the vast majority of our clients. In addition, for certain clients, we may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Private placements
- Pooled investment vehicles

### **Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### **Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and

amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### **Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not



traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

#### **Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

### **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

#### **Margin Leverage**

Although we, as a general business practice, do not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, we will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **Short-Term Trading**

Although we, as a general business practice, do not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **Short Selling**

We generally do not engage in short selling but reserve the right to do so in the exercise of our sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales are the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

As part of our investment strategy, we may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

### **Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses

if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **C. Concentration Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither our firm nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither our firm nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **Mowery & Schoenfeld, LLC**

We are affiliated with Mowery & Schoenfeld, LLC through common control and ownership. If you require accounting or tax services, we will recommend that you use the services of our affiliate. Our advisory services are separate and distinct from the compensation paid to our affiliate for their services. This affiliated firm is otherwise regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

#### **Insurance Sales**

Certain managers, members, and registered employees of our firm are licensed insurance agents and may recommend insurance products offered by such carriers for whom they function as agents and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers. Please also be advised that we strive to put our clients' interests first and foremost, and clients may utilize any insurance carrier or insurance agency they desire.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

We may engage third-party investment managers to manage client accounts. Please note that third-party manager fees will be in addition to the fee we charge for our advisory services. You are under no obligation to use any third-party provider recommended by us and may use the provider of your choice.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, we have adopted policies and procedures designed to detect and prevent insider trading. In addition, we have adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of our firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by our chief compliance officer. We will send clients a copy of our Code of Ethics upon written request.

We have policies and procedures in place to ensure that the interests of our clients are given preference over those of our firm, our affiliates and our employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

We do not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, we do not recommend any securities to advisory clients in which we have some proprietary or ownership interest.

### **C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which we specifically prohibit. We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow our firm's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Our firm, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of our clients. We will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in our affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is our policy to place the clients' interests above those of our firm and our employees.



## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### **Custodian Recommendations**

We may recommend that clients establish brokerage accounts with Fidelity Institutional division of Fidelity Investments or the Schwab Advisor Services division of Charles Schwab & Co., Inc., members SIPC/FINRA (hereinafter collectively referred to as “custodian”), to maintain custody of clients’ assets and to effect trades for their accounts. Although we may recommend that clients establish accounts at the custodian, it is the client’s decision to custody assets with the custodian. We are independently owned and operated and not affiliated with custodian. For client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

We consider the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to our approval, we will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by us will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### **How We Select Brokers/Custodians to Recommend**

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **Soft Dollar Arrangements**

As a result of our recommendation to clients to custody assets with a specific custodian, the firm is deemed to be in receipt of soft dollar benefits from said custodian. These soft-dollar benefits are in the form of institutional trading and custody services, other products and services, and additional compensation received from custodians. Please refer to the following items for disclosure of such benefits.

#### **Institutional Trading and Custody Services**

The custodian provides us with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **Other Products and Services**

Custodian also makes available other products and services that benefit our firm but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at custodian. The custodian may also make available software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of our fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help us manage and further develop our business enterprise. These services may include

- compliance, legal and business consulting

- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that clients custody their assets at the custodian, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to us. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to us.

#### **Additional Compensation Received from Custodians**

We may participate in institutional customer programs sponsored by broker-dealers or custodians. We may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between our participation in such programs and the investment advice we give to our clients, although we receive economic benefits through our participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third-party vendors

The custodian may also pay for business consulting and professional services received by our firm's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for our personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit us but may not benefit our client accounts. These

products or services may assist us in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

We also participate in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and our continued participation may require us to maintain a predetermined level of assets at such firms. In connection with our participation in such programs, we will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by our firm's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for our personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of broker-dealers for custody and brokerage services.

### **Brokerage for Client Referrals**

We do not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **Directed Brokerage**

#### **Our Recommendations**

We typically recommend Fidelity or Schwab as custodian for clients' funds and securities and to execute securities transactions on our clients' behalf.

#### **Client-Directed Brokerage**

Occasionally, clients may direct us to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage we derive from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. We lose the ability to aggregate trades with other advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **Best Execution**

Pursuant to the terms of our investment advisory agreement with clients, we have discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. We recognize that the analysis of execution quality involves a number of factors, both qualitative and quantitative. We will follow a process in an attempt to ensure that we are seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with our fiduciary responsibilities, we seek to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of our knowledge, these custodians provide high-quality execution, and our clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon our own knowledge of the securities industry, we believe that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **Security Allocation**

Since we may be managing accounts with similar investment objectives, we may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by our firm in the manner we consider to be the most equitable and consistent with our fiduciary obligations to such accounts.

Our allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. We will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Our advice to certain clients and entities and the action of our firm for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of our firm with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of our firm to or on behalf of other clients.

### **Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if we believe that a larger size block trade would lead to best overall price for the security being transacted.

### **Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

We act in accordance with our duty to seek best price and execution and will not continue any arrangements if we determine that such arrangements are no longer in the best interest of our clients.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by the investment adviser representative servicing the client's account. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than semi-annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

### **B. Review of Client Accounts on Non-Periodic Basis**

We may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how we formulate investment advice.

### **C. Content of Client-Provided Reports and Frequency**

We may report on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by us.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

#### **Custodians**

We receive an economic benefit from our custodians (Fidelity or Schwab) in the form of the support products and services they make available to us and other independent investment advisors that have their clients maintain accounts at the custodian. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12: Brokerage Practices. The availability of custodians' products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients.

#### **Third-Party Service Providers**

Please refer to the disclosures in Items 10 regarding referrals to third-party service providers. We may receive economic benefits for referring clients to third-party service providers. You are under no obligation to utilize any service provider recommended to you by our firm or our affiliates.

### **B. Advisory Firm Payments for Client Referrals**

We maintain one legacy solicitor agreement but do not accept any new client referrals. We do not utilize any endorsers or solicitors outside of that arrangement.



## Item 15: Custody

We are considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to us with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, we will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of the investment advisory agreement, we may be granted discretionary authority for the retention of independent third-party investment management firms. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.

## Item 17: Voting Client Securities

Other than for accounts managed by third-party managers or accounts where the client directs the trading, we will vote proxies for clients utilizing the Broadridge proxy voting platform. We owe certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care which is required to monitor corporate events and to vote the proxies, and (ii) the duty of loyalty which is required to vote proxies in a manner consistent with the best interests of the client and to put the client's interests before its own interests. In keeping with its fiduciary duties, we have adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that our votes each client's securities in the best interests of the client.

We will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. The firm utilizes a third-party service provider (Broadridge) for recommendations with respect to proxy voting. Clients may contact us for information about how we voted with respect to any of the securities held in their account.

From time to time, securities held in the accounts of clients will be the subject of class action or consumer antitrust class action litigation. we, in coordination with Broadridge asset recovery services, will

- determine if securities held by the client are subject to a pending or resolved class action or consumer antitrust class action lawsuit;
- evaluate a client's eligibility to submit a claim to participate in the proceeds of a securities class action settlement or verdict; and/or
- initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Successful asset recovery by Broadridge for class action litigation results in Broadridge keeping 20% of the assets recovered. For successful asset recovery in consumer antitrust class action litigation will result in Broadridge keeping 33% of the assets recovered.

As a general rule, we will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with our Proxy Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, we may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel. A copy of our Proxy Voting Policy will be provided upon receipt of a written request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

We do not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such are not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

We do not have any financial issues that would impair our ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.