



**Firm Brochure**  
**(Part 2A of Form ADV)**  
**January 9, 2024**

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Item 1: This Form ADV 2A brochure ("Brochure") provides information about the qualifications and business practices of TELEMUS CAPITAL, LLC ("TC," "we" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (248) 827-1800 or by email to [eoppenheim@telemus.com](mailto:eoppenheim@telemus.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about TC may also be obtained via the SEC's web site, [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 TC is 168794. The SEC's web site also provides information about any persons affiliated with TC who are registered, or are required to be registered, as investment adviser representatives of TC. "Registration" does not imply a certain level of skill or training.

## Item 2: Material Changes

SEC-registered investment advisers are required to provide their clients with a summary of material changes made to their Brochure since the time of their most recent prior annual updating amendment. We note the following changes since our annual updating amendment on March 28, 2022:

- Family Office Services introduced Telemus Tax Concierge as part of its suite of client services. This offering is further described in Item No. 4.
- Effective January 1, 2023, Ari Fischman became a partner and principal in the Telemus Capital management company.
- We have begun a business arrangement with an affiliated firm under which certain clients of our Firm invest a portion of their assets in certain of the affiliated firm's private investment vehicles. Please see Items 4, 5, 10, and 11 for details of this arrangement.

This summary does not identify every change to our Brochure. Clients are encouraged to review the Brochure in its entirety. You may obtain a free copy of our Brochure by contacting us at (248) 827-1800 or by email to [eoppenheim@telemus.com](mailto:eoppenheim@telemus.com). Additional information about TC may also be obtained via the SEC's web site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4: Advisory Business

### Our Advisory Firm

Telemus Capital, LLC (“TC”, “we” or “us”) (CRD #168794) is an investment adviser which succeeded to the advisory businesses of its predecessor advisers, Telemus Investment Management, LLC (SEC # 801-131580), Telemus Wealth Advisors, LLC (SEC # 801-64748), and Beacon Asset Management, LLC (SEC # 801-67441) as of August 1, 2013, thereafter continuing business under the name “Telemus Capital, LLC.” The predecessors’ advisory businesses were originally founded in 2005. The advisory services and management of TC remained the same; however, the successor application dated August 29, 2013, reflected new ownership by Focus Operating, LLC (“Focus Operating”).

Effective October 1, 2017, TC completed the acquisition of the assets of, and combination with, Barrington Strategic Wealth Management Group LLC (“Barrington”) of Chicago Illinois. Barrington was an SEC registered investment adviser providing investment management and wealth advisory services to its clients nationwide. The combined organization will continue business under the name of “Telemus Capital, LLC.” TC will continue to maintain Barrington’s presence in Chicago, and the advisory services and management will remain the same.

Effective January 1, 2024, TC completed the acquisition of the assets of, and combination with, Ketoret Capital, LLC (“Ketoret”). Ketoret previously provided investment advisory services to individuals and institutions through Sanctuary Advisors, LLC. The combined organization will continue business under the name of “Telemus Capital, LLC.”

### Focus Operating, LLC, Focus Financial Partners, LLC, and Focus Financial Partners Inc.

TC is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, TC is a wholly owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the

“Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

TC is managed by Lyle Wolberg, Robert A. Stone, Joshua S. Levine and Ari Fischman (“TC Principals”), pursuant to a management agreement between TCP Management, LLC and TC. The TC Principals serve as leaders and officers of TC and are responsible for the management, supervision and oversight of TC.

### TC Clients

We provide personalized and confidential wealth management services to clients, who are primarily high net worth individuals, trusts and family offices, sponsors of retirement plans, charitable organizations, municipal government entities and business entities. These services include investment management, financial planning and advising on estate planning and insurance needs. We and affiliated entities also manage private investment funds.

### Discretionary Investment Advisory Services

Our investment management services are generally provided on a discretionary basis, though clients who invest in our affiliated private investment funds must affirmatively elect the investment on a non-discretionary basis.

### Our Advisory Role

At the outset of each client relationship through an interactive process, TC evaluates each client’s financial circumstances, risk tolerance, investment objectives and goals. As part of the evaluation, clients may impose restrictions on investing in certain securities or types of securities.

Based on the results of the client discussion(s) and the information provided by the client, we prepare a Financial Life Proposal for the client which includes the agreed upon investment strategy. For clients using the Envestnet program (described below), we prepare and review with the client a customized Statement of Investment Selection (“SIS”). The SIS incorporates an investment profile summary, summarizes the information the client has provided us and makes recommendations for the client’s portfolio based on the information provided. Using tools provided by Envestnet, we may recommend that the client’s portfolio be allocated among various investment managers and/or products.

After reviewing the client’s final investment strategy or SIS (in the case of clients using the Envestnet program), the client enters into an investment advisory

agreement (“Client Agreement”) with TC. The Client Agreement discusses the services to be provided to the client and other applicable terms and conditions.

For most client accounts, TC constructs client portfolios generally in accordance with our traditional model strategies: Income Only, Capital Preservation, Conservative, Moderate, Balanced, Aggressive, Ultra Aggressive and Growth Only. Client portfolios are managed in accordance with the model strategy most appropriate for the client’s risk profile. Each model strategy can allocate across as many as five sleeves: Growth, Diversifier, Income (either with taxable or tax-exempt bonds), Private Investments and Cash. Allocations to each sleeve are made in differing percentages depending on the risk profile of each model. All of the model strategies include some combination of individual equities, individual bonds, mutual funds, ETFs, private funds and potentially other investment products.

For accounts not deemed large enough for the traditional models or clients seeking a passively managed portfolio, including but not limited to in the Telemus Digital product, TC also constructs client portfolios in accordance with the following model strategies: Ultra-Conservative, Conservative, Moderate, Balanced, Aggressive and Ultra-Aggressive. Client portfolios are managed in accordance with the model strategy most suitable for the client’s risk profile. Each model strategy has three sleeves: Growth, Income and Cash. Allocations to each sleeve are made in differing percentages to each model strategy depending on the risk profile of the strategy. All of these model strategies are constructed with passive ETFs.

Clients should know that their assets in each model strategy are likely to be managed in a manner similar to other clients having similar investment objectives and risk tolerance. The implementation of a model strategy may vary depending on a client’s preferences for separately managed accounts, current income, liquidity constraints, taxes or environmental/social/governance concerns.

We implement investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans and other assets that are not held at our primary custodian(s).

TC is the investment manager to the Telemus Decorrelation Opportunity Fund, LP (the “TDOF Fund”), and its affiliate, Telemus Decorrelation Opportunity GP, LLC, is the General Partner of the Fund. The TDOF Fund, which is a fund of funds, is a multi-strategy, privately offered investment vehicle that invests in a diversified portfolio of investments that seeks to provide low and non-correlated returns relative to the broader equity and fixed income markets. The underlying investment strategies include, but are not limited to, insurance-linked securities, longevity-contingent assets, real estate credit, alternative lending, and other assets that generally have low or non-correlated returns with traditional financial

markets. The TDOF Fund is closed to new investors and is in the process of being dissolved.

TC's affiliate, Telemus Life Science Real Estate Fund Manager, LLC, is the Manager of the Telemus Life Science Real Estate Fund, LLC (the "TLSRE Fund"). The TLSRE Fund is a privately offered investment vehicle that was created for the purpose of investing in IQHQ, Inc., a privately traded REIT formed to acquire, develop and redevelop real estate for life sciences tenants.

TC also has relationships with external providers of investment management, research and due diligence services. One such service provider is Envestnet<sup>1</sup>, a registered investment adviser that provides an asset management platform and related technology, as well as operational and administrative support services. TC uses some of the services provided by Envestnet, including the Unified Managed Account Program (the "UMA program") and the Separate Managed Accounts Program (the "SMA program"). Through the UMA program TC constructs a single client portfolio comprised of various investment vehicles, typically third-party managers. Through the SMA program TC will select third party managers which are appropriate to manage the client's assets. In both programs, the client grants TC with discretion to make changes to the managers and/or investments if TC determines such a change is in the client's best interest. Factors considered in making this determination include account size, risk tolerance, the opinion of each client, the investment philosophy of the third-party manager, and the client's investment objectives. TC will have full discretionary authority to invest and reinvest client assets and retain third party asset managers who, in turn, have full discretionary authority to invest and reinvest client assets, subject to reasonable restrictions imposed by the client.

TC also provides Asset Management Services to select clients. When doing so, TC uses the following equity and fixed income investment strategies in managing clients' assets:

- Core Equity: Actively managed core equity strategy that focuses on large-cap companies with demonstrated consistent, above-average earnings growth and reasonable valuations. It is managed relative to the Russell 1000 and/or S&P 500 Indices as benchmarks. Evercore Wealth Management LLC currently serves as sub-advisor for this strategy.

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<sup>1</sup> We currently use the services of certain sub-advisors, including those of Envestnet Asset Management, Inc., Evercore Wealth Management LLC, Mar Vista Investment Partners, LLC, Aristotle Capital Management, LLC and SpiderRock Advisors, LLC.

- Investment Grade Taxable Fixed Income: Actively managed intermediate taxable bond portfolio managed relative to the Bank of America Merrill Lynch 1-10 Year US Corporate & Government Index as its benchmark.
- High Yield Taxable Fixed Income: Actively managed fixed income portfolio that focuses exclusively on the highest quality (BB) component of the high yield universe. The portfolio is managed relative to the Bank of America Merrill Lynch 1-10 Year BB Cash Pay High Yield Index as its benchmark.
- Blended Taxable Fixed Income: Actively managed fixed income portfolio that combines TC's investment grade capability with its high yield (BB) capability. The portfolio is managed relative to a custom blended benchmark comprised of 50% corporate/government intermediate investment grade bonds (as identified in the Bank of America Merrill Lynch 1-10 Year US Corporate & Government Index) and 50% intermediate BB rated bonds (as identified in the Bank of America Merrill Lynch 1-10 Year BB Cash Pay High Yield Index).
- Treasury Bond Ladder: Actively managed strategy that invests in Treasury bonds 1-10 years in maturity.
- Tax-Exempt Fixed Income: Actively managed strategy that focuses on investment grade, short-to-intermediate maturity municipal bonds. The strategy is customized to maximize the after-tax returns for each individual client.
- Taurus: Actively managed growth strategy focusing on above-average growth businesses that are poised to benefit from secular growth trends. The process utilizes a proprietary screen to identify attractive securities alongside fundamental and technical analysis.
- Aware: Actively managed domestic equity portfolio focused on making investments in businesses that meet strict environmental, social and governance (ESG) criteria.
- High and Rising Dividend: Equity strategy which seeks to invest in equity securities of companies that pay relatively high dividends as measured by yield. Stability and/or growth of dividends and dividend yield may also be considered by the manager. The strategy invests across a broad range of market capitalizations. It is primarily designed for taxable investors seeking current income and/or who can benefit from the lower federal income tax rates applicable to dividends and/or long-term capital gains. The strategy may also be appropriate for taxable or tax-exempt investors seeking a different and complimentary income stream, the principal of which can fluctuate greatly. Finally, investors may use this strategy to diversify their equity allocation. Investments are diversified across sections



and industries in an effort to reduce the risk of concentrating investments only in industries with the highest dividend yields.

#### Non-Discretionary Advisory Services

TC also provides personalized investment management services on a non-discretionary basis at a client's request. This typically involves selecting or making recommendations as to specific securities or other investments the client's account(s) should purchase or sell based on the client's needs and objectives, however, the client must approve the recommendations before the trade is placed. As noted above, investments by clients in affiliated private funds, such as the TLSRE Fund, will be on a non-discretionary basis.

#### Financial Plans

Basic financial planning services are included in the wealth management services offered to clients. For clients who are interested in this service, an investment adviser representative ("IAR") meets with the client and gathers information regarding a client's financial goals, objectives, risk profile and other pertinent information and provides asset allocation recommendations among different types of securities and non-securities investments.

#### Retirement Plan Review Services

TC provides retirement plan advisory services for its clients, which provides clients the opportunity to have TC review and consult on the client's assets invested in her or his employer's retirement plan. This provides clients with a consolidated view of their retirement assets.

TC is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plans and ERISA plan participants. TC is also a fiduciary under section 4975 of the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to individual retirement accounts ("IRAs"), ERISA plans, and ERISA plan participants. As such, TC is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice, the fiduciary must either avoid certain conflicts of interest or rely upon an applicable prohibited transaction exemption (a "PTE").

As a fiduciary, we have duties of care and loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under

the federal and state securities laws or as a waiver of any unwaivable rights you possess.

TC and Sentinel Pension Advisors, LLC (“SPA”) have an agreement in place whereby TC serves as a subadvisor to SPA for certain client retirement plans. This arrangement is more fully described in Item 10.

TC also offers the following non-fiduciary retirement plan services. TC assists in the education of retirement plan participants about general investment information and the investment alternatives available to them under their plan. Clients understand that TC’s assistance in education of plan participants shall be consistent with and within the scope of the Department of Labor’s definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, TC’s advisors are not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) when offering such educational services to plan participants.

TC also provides fee-based wealth management services, including estate tax, social security, education expense planning and asset allocation, as well as other financial planning services to its clients on a non-discretionary basis.

In addition to the non-discretionary investment management services described above, TC also offers other non-discretionary advisory services. Clients who utilize our discretionary advisory services may, as an accommodation, also be permitted to establish non-discretionary advisory accounts in which all securities transactions are client-directed. For these accommodation accounts, TC generally charges an annual fee of 20 basis points based on the average daily balance of the account market values for the 12-month period being billed. These assets are not included in the calculation of TC’s regulatory assets under management. Additionally, certain accounts hold assets which the client has directed TC to hold for tax or other purposes. TC provides ongoing and continuous supervision of these client assets. These assets are included in the calculation of TC’s non-discretionary regulatory assets under management.

In addition to the above investment management and wealth advisory services, TC also provides a suite of accounting, management, administrative and reporting services to clients, referred to as “Family Office Services” (also called “Virtual Family CFO Services”). These services are customized based on the individual needs of the client. These services are more fully described as follows:

- **Accounting and Management Services:** Telemus provides hands-on day-to-day oversight and management of clients’ financial affairs, including bill pay and invoice management.
- **Administrative Services:** Telemus helps organize and maintain clients’ important financial information.

- Reporting: Telemus develops customized, detailed reports that provide meaningful information to help families better understand their overall financial picture.

One of these services is Telemus Tax Concierge which assists clients with their tax return preparation requirements. If a client needs a tax preparer to complete his/her returns, Telemus Family Office Services will make an introduction to a qualified CPA. If the client engages the CPA, Telemus will receive a referral fee from the CPA which is disclosed to the client. For clients using this service, Telemus will help in the compilation of source documents and other information needed to complete the client's return(s).

TC also provides a suite of services referred to as "Corporate Executive Services." These include concierge-like advisory services to senior corporate executives. These services, which in some cases will be in concert with third party service providers, include advisory services relating to the following:

- Compensation and Benefits.
- Estate Planning and Wealth Transfer.
- Risk Management and Insurance.
- Tax Planning and Return Preparation.
- Retirement Planning.
- Investment Planning.

We have a business arrangement with Ancora Alternatives LLC ("Ancora Alternatives") which is an indirect, wholly owned subsidiary of Focus LLC, under which certain clients of TC have the option of investing in certain private investment vehicles managed by Ancora Alternatives. TC is an affiliate of Ancora Alternatives by virtue of being under common control with it. Please see Items 5, 10, and 11 of this Brochure for further details.

In addition, TC offers clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

As of December 31, 2022, TC manages approximately \$2,972,199,618 in assets for approximately 1,652 clients. This includes approximately \$2,391,503,994 managed on a discretionary basis, and approximately \$580,695,624 managed on a non-discretionary basis.

## Item 5: Fees and Compensation

The specific manner in which fees are charged by TC is established in a written agreement with the client. TC generally bills its investment management fees quarterly in advance, based on the average daily balance of the assets under management during the prior quarter, except for institutional accounts which are generally billed quarterly in arrears based on the prior quarter-end market value. 401(k) plan accounts are generally billed in this manner. Clients ordinarily authorize TC to debit fees directly from their account(s). Accounts initiated during a calendar quarter will be charged a prorated fee based on the remaining calendar days in the billing period. Upon termination of an account, any earned, unpaid fees will be due and payable, and any prepaid, unearned fees will be refunded based on the remaining calendar days in the billing period. Terminating clients should contact their advisor regarding any refunds due.

TC's "standard" fee schedule (that is, the schedule used for the majority of its clients) is set forth below. Other fee schedules will apply under certain circumstances. TC does not offer a "wrap fee" program; the schedule sets forth the standard amount for TC's services.

<u>Market Value of Client Asset</u>	<u>Annual Fee Rate (%)</u>
First \$1,500,000	1.25%
Next \$1,500,001 - \$3,000,000	1.00%
Next \$3,000,001 - \$5,000,000	0.90%
Next \$5,000,001 - \$10,000,000	0.80%
Next \$10,000,001 - \$20,000,000	0.70%
Next \$20,000,001 - \$50,000,000	0.60%
Next \$50,000,001 - \$100,000,000	0.55%
Over \$100,000,001	Negotiable

<u>Additional Account Types</u>	<u>Annual Fee Rate (%)</u>
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ERISA Accounts (at plan sponsor level only)

<u>Market Value of Plan Assets (AUM)</u>	
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Less than \$5,000,000	0.50%
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\$5,000,000 - \$10,000,000	0.35%
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\$10,000,001 - \$20,000,000	0.30%
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Over \$20,000,000	0.25%
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529 Accounts	0.50%
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Public Charities/501(c) (3) and Institutional Accounts	0.50%
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Client Directed Accounts	0.20%
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Managed Individual Municipal Bond Only Accounts	0.35%
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Blended Fixed Income Accounts	0.75%
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Investment Grade Taxable Fixed Income Only Accounts	0.50%
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- \$3,750 minimum annual household fee.
- Telemus account management fees do not include, where applicable, platform fees, sub-advisor fees, custodian fees, and any transaction fees charged by custodians.
- Fees generally include financial, life and retirement planning services as needed; however, exceptions may apply at TC's sole discretion.

Fees are generally charged on cash and cash equivalents held in clients' accounts. However, exceptions are made subject to negotiation depending on the level of the client's cash balances. Fees are not assessed on account margin balances or on accrued but unpaid interest.

For certain clients, we charge an advisory fee for services provided to the held-away accounts mentioned above in Item 4, just as we do with client accounts held at our primary custodian(s). The specific fee schedule charged by us is provided in the client's investment advisory agreement with us.

Advisory fees are waived or reduced for TC's employees and family members.

For the Family Office Services described in Item 4 above, Telemus charges fees which are based on an agreed upon hourly rate and the scope and complexity of the services to be provided.

For the Corporate Executive Services described in Item 4 above, Telemus charges a flat annual consulting fee based on the complexity of the services to be provided, including the amount of time and travel involved. The fee typically is billed either quarterly or semi-annually based on its agreement with the client.

All fees charged by TC are subject to negotiation. TC, in its sole discretion and based on particular client circumstances, will waive its minimum fee and/or charge a lesser investment advisory fee, including for employees and their family members. Factors considered include the following: complexity; client investment policy/guidelines/restrictions; account size including future additional assets; asset mix; historical relationship; anticipated future earning capacity; meeting and reporting requirements; travel and related expenses; and sub-advisory arrangements. The specific manner in which fees are charged is established in a written agreement with the client.

#### Envestnet Fees

Envestnet receives fees for its advisory and administrative services. For its UMA program, clients are charged a tiered platform fee ranging from 11 basis points (0.11%) to 19 basis points (0.19%) depending on the assets under management. For its SMA Program, Envestnet charges clients a tiered platform fee ranging from 8 basis points (0.08%) to 14 basis points (0.14%) depending on the assets under management. Clients will also pay an additional manager fee for each manager model used ranging from approximately 35 basis points (0.35%) to 60 basis points (0.60%) per model. These amounts, which clients pay to Envestnet, are in addition to the fees clients pay to TC.

#### Brokerage Fees and other Expenses

Pershing PAS Program: For managed accounts custodied at Pershing through its PAS program, there are no separate brokerage fees. There are also generally no custody fees or transaction fees except as described below. Mutual funds charge fees and expenses described in each fund's prospectus, which generally include management fees, other fund expenses, and may include distribution fees. These fees are in addition to TC's advisory fee. The custody fees that clients are charged in the PAS/Pershing program include fees for domestic and foreign safekeeping and 401(k) plan custody. There are also special handling fees and fees for special banking services. (A detailed Managed Account Summary of Fees is available upon request.) TC also charges an annual fee for certain non-discretionary advisory accommodation accounts as described in Item 4 above.

Other Programs: In connection with TC's management of an account not custodied at Pershing through its PAS program, a client may incur brokerage fees, custodian fees, transaction charges, mutual fund fees and other fees and expenses. The client is billed or charged directly and is responsible for any such fees and expenses. In addition to the fees described above, clients may pay transfer taxes, wire transfer and electronic fund fees, inactivity fees and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees, which are disclosed in the fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to TC's fees, and TC will not receive any portion of these commissions, fees and costs.

From time to time, TC will introduce clients to other non-investment service providers if it believes the introduction will benefit the client. Sometimes the service provider will offer TC a fee for making the introduction. TC will accept the fee only if it is disclosed to the client and the client does not object. Clients should be aware that TC's receipt of the fee from the service provider creates a conflict of interest since the payment could influence TC's choice of the service provider instead of other providers from whom TC does not receive an introduction fee.

TC addresses the conflicts of interest created by the above arrangements through these ADV brochure disclosures and reviews the quality and investment or service opportunity provided by the foregoing products and services when considering their potential value to, and appropriateness for, TC's clients.

TC offers clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions ("FTCS"). FTCS is compensated by sharing in the revenue earned by such third-party institutions from serving our clients. For non-mortgage loans, FTCS will receive up to 0.50% annually of outstanding loan balances. For mortgage loans, FTCS will receive a one-time payment of up to 1.00% of the mortgage loan amount, up to 0.50% annually of outstanding loan balances, or a combination of the two. FTCS's earned revenue is indirectly paid by our clients through an increased interest rate charged by the financial institutions or, for cash balances, a lowered yield. The amount of revenue earned by FTCS for these financial solutions will vary over time in response to market conditions, including the interest rate environment, and other factors such as the volume and timing of loan closings. The amount of revenue earned by FTCS for a particular financial solution will also differ from the amount of revenue earned by FTCS for other types of financial solutions. Further information on this conflict of interest is available in Item 10 of this Brochure.

We do not receive any compensation from Ancora Alternatives in connection with assets that our clients place in Ancora Alternatives' pooled investment vehicles. TC's clients are not advisory clients of and do not pay advisory fees to Ancora

Alternatives. However, our clients bear the costs of Ancora Alternatives' investment vehicle or vehicles in which they are invested, including any management fees and performance fees payable to Ancora Alternatives.

The allocation of TC client assets to Ancora Alternatives' pooled investment vehicles, rather than to an unaffiliated investment manager, increases Ancora Alternatives' compensation and the revenue to Focus LLC relative to a situation in which our clients are excluded from Ancora Alternatives' pooled investment vehicles or invested in an unaffiliated third party's pooled investment vehicles. As a consequence, Focus LLC has a financial incentive to cause us to recommend that our clients invest in Ancora Alternatives' pooled investment vehicles.

#### TDOF Fund and TLSRE Fund

As indicated above in Item 4 the TDOF Fund is no longer open to new investors and is in the process of being dissolved. TC does not charge an investment management fee for its advisory services to the TDOF Fund.

With respect to the TLSRE Fund managed by TC also described in Item 4 above and as more fully described in the TLSRE Fund's offering materials, TC does not receive a management fee for its advisory services. Its affiliate, Telemus Life Science Real Estate Fund Manager, LLC, receives an annual management fee equal to 1.25% of the aggregate capital contributions made to the Fund, and following investors' receipt of a 12% annual return hurdle, receives 15% of the excess cash distributed by the Fund. TC waives its account-level advisory fees on client assets invested in the Fund to ensure that advisory clients are only charged once for TC's advisory services.

#### Additional Information on Fund, ETFs, and Other Pooled Investments

As noted above, mutual funds, closed-end funds, ETFs, and other pooled investment vehicles are subject to commissions, fees and expenses which are disclosed in the investment's prospectus or offering documents. Such charges, fees and commissions (including sales loads) are exclusive of and in addition to TC's advisory fee.

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

As of December 31, 2022, TC does not charge any performance-based fees.

#### Side-by-Side Management



In some cases, TC manages clients in the same or similar strategies. This may give rise to potential conflicts of interest if the funds and accounts have, among other things, different objectives, benchmarks or fees. For example, potential conflicts may arise in the following areas:

- The portfolio manager must allocate time and investment ideas across funds and accounts.
- Funds' or accounts' orders do not get fully executed.
- Trades may get executed for an account that may adversely impact the value of securities held by a fund.
- There will be cases where certain accounts or funds receive an allocation of an investment opportunity when other accounts may not.
- Trading and securities selected for a particular fund or account may cause differences in the performance of different accounts or funds that have similar strategies.

TC has adopted trade allocation procedures and monitors such transactions to help ensure TC is not favoring funds or accounts over each other as well as to help ensure fair and equitable treatment over time of both the funds and accounts. During periods of unusual market conditions, however, TC may deviate from its normal trade allocation practices. There can be no assurance that all potential conflicts will be addressed in all situations.

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

TC provides investment management services to individuals, high net worth individuals and families, individual retirement accounts, corporate pension and profit-sharing plans, trusts, estates, charitable institutions, foundations, endowments, banks and thrift institutions, corporations and partnerships, corporate trusts, state and municipal government entities, pooled investment vehicles and as sub-adviser to other investment advisers. Client relationships vary in scope and length of service.

We do not have a formal investment minimum amount but retain the discretion to decline any proposed client engagement that is too small to serve appropriately within our infrastructure.

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

### Overview

TC uses various investment strategies in managing clients' assets. The investment strategy for each client is based upon the objectives identified during consultations with the client, and the client may change these objectives at any time. TC bases its investment recommendations on a variety of factors, including performance, risk, fees, liquidity and the tax efficiency of different investment strategies, as well as client input and preferences regarding the strategies. Investment strategies used by TC include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). TC also offers advice to clients on investing in limited partnerships and other pooled investment vehicles, including TC's TLSRE Fund.

TC uses various methods of analysis and sources of information in formulating investment advice. The methods of analysis are primarily based on economic and company/fund fundamental analysis as well as economic cyclicity. Charting and technical analysis are used only as conformational tools. For some investment strategies, TC uses proprietary screening criteria. TC's main sources of information include Bloomberg, Zephyr, Morningstar, Thompson Reuters, The Daily Shot, I Portfolio Solutions, Standard & Poor's and KDP Corporate Bond Research. Other sources of information include corporate annual reports, prospectuses, SEC filings, inspections of corporate activities, third-party research (i.e., "street" research materials), corporate rating services, newspapers, financial periodicals and the internet.

In executing its investment management process, TC creates various model/strategy client portfolios. Clients with similar investment objectives and risk tolerances may receive substantially identical portfolio recommendations, depending upon each client's circumstances.

From time-to-time TC will recommend that clients invest with third party money managers. TC obtains information with respect to money managers from third party consultants, tracking organizations, business publications, money managers and other sources. The factors TC uses to recommend money managers include, but are not limited to, the manager's reputation, firm stability, quality and resources of the investment team, operational infrastructure and controls, investment philosophy, depth and breadth of research, portfolio construction and risk management practices, performance record, the continuity of management service to clients, minimum dollar investment requirement and fees.

## TLSRE Fund

The TLSRE Fund (also described in Item 4 above) was formed for the purpose of investing in IQHQ, Inc., a privately traded REIT formed to acquire, develop and redevelop real estate for life sciences tenants.

## Investment Risks

**Investing in securities involves risk of loss that *clients* should be prepared to bear.** All investments involve risk including possible loss of principal. Certain investments involve greater or unique risks that should be considered along with the objectives, fees, and expenses before investing. Investment risks include, but may not be limited to:

- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Deflation Risk:** Deflation is a general decline in prices, which in turn can cause a decline in wages. These dynamics cause consumers to push off spending, expecting lower prices in the future, as well as to conserve capital with the expectation that wages will be lower in the future. Deflationary conditions cause downward pressure on economic activity and growth.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** The computer systems, networks and devices used by TC and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

- **COVID Risk:** The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies. Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

Where we otherwise deem the investment appropriate in light of the client's investment objectives and risk tolerance, we recommend allocating a portion of our clients' portfolios to alternative investments that offer exposure to asset classes or investment opportunities which would not otherwise be available to them. Alternative investments are typically much less liquid than securities that are traded in the public markets. Some alternative investments present substantial risk of loss. The risks associated with each alternative investment we recommend are detailed in the offering memorandum for the relevant investment. We urge clients to carefully review and consider the risks of any alternative investments we recommend, including the potential for losing the entire amount invested.

In addition to general business risks, investors in the TLSRE Fund are subject to the following additional risks:

- Risks associated with the success of the Fund's investment in IQHQ, Inc., including the real estate development risk that the life science real estate projects are not completed as planned.

Clients should review the offering and other documents a client participating in the TLSRE Fund will receive that set out a more detailed discussion of risks relative to investing in the particular fund.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all *material* facts regarding legal or disciplinary events that would be material to your evaluation of

TC or the integrity of TC's management. TC has no information applicable to this Item.

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

TC is affiliated with Telemus Insurance Services, LLC, a Delaware LLC ("TIS"). TIS is licensed as an insurance agency in Michigan and in other jurisdictions as required. TIS has entered into a referral arrangement with Ari Fischman and Fischman Insurance Group, LLC (the "Fischman Entities"). Under the arrangement TIS and TC refer clients and prospective clients to the Fischman Entities for various insurance products and services such as life, disability and long-term care policies and annuity contracts. The Fischman Entities also make referrals to third party providers for property and casualty and group health insurance. If insurance policies and/or annuity contracts are placed for the client as a result of the TIS/TC referral to the Fischman Entities, TIS receives fifty percent (50%) of the initial and reoccurring policy commissions as a referral fee. As of November 9, 2020, Ari Fischman became an employee and Investment Advisor Representative of TC. Effective January 1, 2023, he also became a TC Principal and a partner in TCP Management, LLC which manages TC. He continues to operate Fischman Insurance Group, LLC as a separate and independent entity. As of October 17, 2022, Ari Fischman became a Registered Representative of Lion Street Financial, LLC which is a registered broker-dealer ("Lion Street Broker-Dealer"). Under this arrangement, he will offer products and services available through Lion Street Broker-Dealer to the clients of Fischman Insurance Group, LLC. TIS will not receive referral fees for the sales of these products and services under the above referral arrangement with the Fischman Entities.

TC and Sentinel Pension Advisors, Inc. ("SPA") are both advisory firms owned by Focus LLC. Telemus and SPA have an agreement in place whereby Telemus serves as a subadvisor to SPA for certain client retirement plans. SPA and the client enter an advisory agreement that specifies the discretionary and/or non-discretionary advisory services and duties to be delegated to Telemus. Generally, Telemus is responsible for investment recommendations and creating and maintaining model portfolios, individual fund choices, and asset allocation targets. SPA is generally responsible for fiduciary governance, participant services, and portfolio administration, including trading, rebalancing, and fiduciary and performance reporting. Telemus, at its discretion, may participate in SPA's investment meetings with clients. As the advisor to the client, SPA collects its quarterly advisory fee and remits 50% of such fee to Telemus for its services.

TC does not believe the Focus Partnership presents a conflict of interest with our clients. TC has no business relationship with other Focus Partners (other than with SPA as described above) that is material to its advisory business or to its clients.

TC is NOT registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

For its U.S. domiciled TDOF Fund and TLSRE Fund, affiliates of TC serve as the general partner/manager of the Funds. The affiliates are wholly owned by TC's parent company.

TC provides certain categories of its clients with identity theft restoration services through Liberty ID. These services are provided to clients at no-charge. Liberty ID is an unrelated third-party service provider. If a covered client or extended family member experiences identity theft, they are directed to contact Liberty ID and provide certain information in order to be eligible for the restoration services.

#### Focus Treasury & Credit Solutions

TC offers clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the "Network Institutions") that offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FTCS's cash management solutions. FTCS acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

FTCS receives a portion of the revenue earned by the Network Institutions for providing services to our clients. For non-mortgage loans, FTCS will receive up to 0.50% annually of outstanding loan balances. For mortgage loans, FTCS will receive a one-time payment of up to 1.00% of the mortgage loan amount, up to 0.50% annually of outstanding loan balances, or a combination of the two. FTCS's earned revenue is indirectly paid by our clients through an increased interest rate charged by the Network Institutions for credit solutions or reduced yield paid by the Network Institutions for cash management solutions. For clients of certain affiliates of Focus Financial Partners, LLC, FTCS has agreed to waive the earned revenue that it receives, which results in a lower interest rate on lending solutions or a higher yield on cash management solutions for those clients. The amount of revenue earned by FTCS for these financial solutions will vary over time in response to market conditions, including the interest rate environment, and other factors such as the volume and timing of loan closings. The amount of revenue earned by FTCS for a particular financial solution will also differ from the amount of revenue earned by FTCS for other types of financial solutions. Such fees are also revenue for our common parent company, Focus Financial Partners, LLC. Accordingly, TC has a conflict of interest when recommending FTCS's services to clients because of the compensation to our affiliates, FTCS and Focus. TC mitigates this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients,

including in this Brochure; and (2) offering FTCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, TC notes that clients who use FTCS's services will receive product-specific disclosure from the Network Institutions and other unaffiliated third-party intermediaries that provide services to our clients.

TC has an additional conflict of interest when it recommends FTCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

### Credit Solutions from FTCS

For FTCS credit solutions, the interest rate of the loan is ultimately determined by the lender, although in some circumstances FTCS may have the ability to influence the lender to lower the interest rate of the loan. As noted above, FTCS's earned revenue is indirectly paid by you through an increased interest rate charged by the lender. The final rate may be higher or lower than the prevailing market rate. TC can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FTCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FTCS program. Because of the limited number of participating Network Institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to



pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

### Cash Management Solutions from FTCS

For FTCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to clients' accounts. The fees debited by the Network Institutions include FTCS's earned revenue. Engaging FTCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which TC treats cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and TC. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FTCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

TC has a business relationship with other Focus firms that is material to our advisory business or to our clients. Under certain circumstances we offer our clients the opportunity to invest in pooled investment vehicles managed by Ancora Alternatives. Ancora Alternatives provides these services to such clients pursuant to limited liability company agreement or limited partnership agreement documents and in exchange for a fund-level management fee and performance fee paid by our clients and not by us. Ancora Alternatives, like TC, is an indirect wholly owned subsidiary of Focus LLC and is therefore under common control with TC. The allocation of our clients' assets to Ancora Alternatives' pooled investment vehicles, rather than to an unaffiliated investment manager, increases Ancora Alternatives' and, indirectly, Focus LLC's compensation and revenue. As a consequence, Focus LLC has a financial incentive to cause TC to recommend that our clients invest in Ancora Alternatives' pooled investment vehicles, which creates a conflict of interest with TC clients who invest, or are eligible to invest, in

Ancora Alternatives' pooled investment vehicles. More information about Focus LLC can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

We believe this conflict is mitigated because of the following factors: (1) this arrangement is based on our reasonable belief that investing a portion of TC's clients' assets in Ancora Alternative's is in the best interest of the clients; (2) Ancora Alternatives and its investment vehicles have met the due diligence and performance standards that we apply to outside, unaffiliated investment managers; (3) clients will invest in the pooled investment vehicles on a nondiscretionary basis through the completion of subscription documentation; (4) subject to redemption restrictions, we are willing and able to allocate TC client assets to other unaffiliated or affiliated investment vehicles, in part or in whole, if Ancora Alternatives' services become unsatisfactory in our judgment and at our sole discretion; and (5) we have fully and fairly disclosed the material facts regarding this relationship to you, including in this Brochure, and TC clients who invest in Ancora Alternatives' pooled investment vehicles have given their informed consent to those investments.

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

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

Subject to restrictions in the Code of Ethics, TC's employees may under some circumstances buy and sell the same securities that may be recommended to clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of TC will not interfere with (i) making decisions in the best interests of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of TC's clients. Nonetheless, because the Code of Ethics in some circumstances permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. The policy requires that employee trading is monitored as required by the Code of

Ethics and is designed to reasonably prevent conflicts of interest between TC and its clients.

In rare instances, TC may buy securities from advisory clients acting for its own account. This will occur in exceptional circumstances only and not in the course of Telemus' execution of its regular investment strategies. These transactions are known as "principal transactions." When such transactions occur, TC will comply with the requirements of the principal transaction rule under the Advisers Act.

As indicated above, TC is the investment manager of the following private investment funds, and the identified affiliate is the general partner or manager of the respective fund:

- TDOF Fund (which is closed to new investors and is in the process of being dissolved); Its affiliate, Telemus Decorrelation Opportunity GP, LLC, is the General Partner of the Fund.
- TLSRE Fund; Its affiliate, Telemus Life Science Real Estate Fund Manager, LLC is the Manager of the Fund.

Please refer to Item 5 for a discussion of the potential conflicts of interest associated with recommendations of the TLSRE Fund and the manner in which we address them.

TC recommends that certain of our clients invest in a private investment fund managed by an affiliated Focus partner firm. Please refer to Items 4, 5 and 10 for additional information.

Like other firms in our industry, TC is becoming increasingly dependent on devices, services and applications that connect to the internet such as smartphones, email, social media, and cloud computing services. While these services increase efficiencies and revenues, this dependence increases our chances of being targeted by cyber-attacks. For these reasons, TC has instituted a cybersecurity policy to help in identifying, mitigating and protecting against cybersecurity threats. Password updates, software updates, firewall protections, physical barriers to entry and limited access to sensitive client data are several protections put in place to mitigate cyber related threats. Periodic employee training and testing is also conducted. That being said, TC acknowledges that security threats can never be completely eliminated, and clients remain subject to cyber related risks. Cybersecurity risks to investors are more fully discussed in response to Item 8.

TC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Eric C. Oppenheim, General Counsel and Chief Compliance Officer, at (248) 827-0103 or [eoppenheim@telemus.com](mailto:eoppenheim@telemus.com). The Code is also available on our web site at [www.telemus.com](http://www.telemus.com)

## Item 12: Brokerage Practices

### General

For new relationships TC generally recommends that clients (and the majority of those clients choose to) custody their accounts at Pershing through its PAS advisor program which is described above. TC's advisors also recommend banking services (e.g., margin accounts) available through PAS or its affiliates to the extent appropriate for client's needs. Clients who select the PAS/Pershing custody arrangement are not charged separate brokerage fees, custody fees, and generally are not charged transaction fees. Mutual funds charge a management fee for the investment adviser to the mutual fund, and this is separate from TC's investment advisory fees. In connection with TC's management of an account not custodied at Pershing through its PAS program, a client may incur brokerage fees, custodian fees, transaction charges, mutual fund fees and other fees and expenses. The client is billed or charged directly and is responsible for any such fees and expenses.

TC believes that Pershing's execution capabilities, and their processes for monitoring the same, qualify to be well within applicable industry standards and requirements. TC will seek to obtain, through Pershing, the best combination of price and execution when effecting brokerage transactions for client accounts. TC has retained Global Trading Analytics, LLC/GTA Babelfish, LLC to assist it in conducting quarterly trading analyses to help ensure TC is meeting its fiduciary obligation with respect to its advisory clients' equity securities transactions (i.e., best-execution obligations).

Because TC believes that the brokerage services offered by PAS/Pershing (including such factors as custodial services, execution capability, financial stability and clearance and settlement capability offered through and provided by Pershing as clearing broker) are of high quality, TC will not solicit competitive execution fees or commission rates from other brokers on equity trades. For fixed income trades, TC will solicit competitive bids. PAS/Pershing may not necessarily (i) deal directly with market makers in over the counter or fixed income securities transactions, (ii) always bundle the transactions of an account with transactions of other accounts in order to receive volume discounts, or (iii) execute transactions at the lowest fees or commission rates available. Accordingly, transactions will not always be executed by PAS/ Pershing at the best price or lowest available execution fee or commission rates and in some instances the charges may be higher.

TC is compensated by Pershing for client assets custodied on the Pershing/PAS platform in the form of a credit which may be used for technology (including portfolio accounting), marketing and other TC expenses approved by Pershing.

This arrangement creates conflicts of interest and incentivizes TC to recommend that clients custody their assets with Pershing based on the credit TC receives rather than on clients' needs. Notwithstanding, Telemus believes that it is generally in clients' interests to recommend that they custody their assets with Pershing. As discussed above, clients who custody their assets with Pershing do not pay custody or brokerage fees for securities transactions executed at Pershing. TC therefore believes that the custodial arrangement Pershing offers TC's clients is advantageous to most TC clients.

The amount of the credit Pershing pays to TC is \$235,000 per year over a period of three (3) years. Pershing/PAS may in its sole discretion reduce or modify the amount of the credit if the total assets managed by TC on the Pershing platform significantly decrease at any time unrelated to market conditions, provided, however, that "total assets" for such purpose does not include assets that constitute "plan assets" under ERISA or other retirement assets as identified by TC.

The credit from Pershing is a benefit to TC, because TC does not have to pay for items which are purchased with the credit. This arrangement is a conflict of interest and incentivizes TC to recommend that clients custody their assets with Pershing based on the credit TC receives, rather than on clients' interest in receiving best execution.

Clients who select the custody arrangement at Schwab Advisor Services ("Schwab") are not charged separate brokerage fees, custody fees for publicly traded securities, and generally are not charged transaction fees on U.S. exchange listed securities. Schwab's custody platform offers the following mutual fund share class options: (i) a share class which has a lower expense ratio but is subject to a transaction fee of between \$20 to \$25 for each buy or sell transaction that a client makes; and (ii) a share class that does not charge a transaction fee but has a higher expense ratio. When determining whether to purchase a transaction fee or non-transaction fee share class for clients we consider a variety of factors including the size of the trade, the long-term target allocation to the fund and the difference in expense ratios between share classes. TC monitors client accounts to help ensure that clients are invested in the share class most beneficial for their particular circumstances. In addition, mutual funds charge a management fee for the investment adviser to the mutual fund, and this is separate from TC's investment advisory fee. For fixed income transactions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that TC executes through a different broker-dealer (i.e., not through Schwab) where the securities bought or the funds from the securities sold are deposited (i.e., settled) into the Schwab client account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. TC also recommends banking services (e.g., margin accounts) available through Schwab to the extent appropriate for client's needs.

TC has determined that having Schwab execute most trades for the Chicago based client accounts is consistent with our duty to seek “best execution” of client trades. While best net price is an important factor, TC considers a number of other qualities important to our choice of broker. These factors include level of service, execution capability, financial stability, and clearance and settlement capacity. The reasonableness of brokerage commissions which clients pay to Schwab is evaluated periodically in light of the commissions paid, services being provided, and value of research received. However, clients using Schwab may not pay the lowest possible commissions in all cases.

TC receives an economic benefit from Schwab in the form of general support services it makes available to TC and other independent investment advisers whose clients maintain their accounts at Schwab. These general services include, but are not limited to, attendance at webinars and conferences and free informational materials on various industry topics. These benefits do not depend on the amount of brokerage transactions directed to Schwab. (Please see the disclosure under Item 14 below.)

Except for the benefits described above and the disclosures in Item 14 below, TC does not receive products or services other than execution from broker-dealers.

For discretionary portfolio management services, TC has the authority to determine which securities are to be bought and sold, the number of securities to be bought or sold, the timing of such transactions, the broker-dealer to be used, and the commission rate to be paid.

TC may recommend broker-dealers to execute transactions for the client’s account at the client’s request. TC, in recommending broker-dealers to execute portfolio transactions for the client’s account, may consider the quality and reliability of the brokerage services, as well as research and investment information and other services provided by the brokers or dealers. Commission rates, being a component of price, are one factor considered by TC together with other factors. In making broker-dealer recommendations, TC is not obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for the client’s account or recommend any broker or dealer on the basis of its commission rate. Accordingly, recommended brokers or dealers may charge commission rates in excess of the amounts another broker or dealer would have charged for effecting transactions when TC has determined in good faith that the broker’s or dealer’s commission rates generally are reasonable in relation to the value of the brokerage and/or research provided by the broker or dealer.

Clients are not required to execute transactions through a recommended broker. All clients are free to select the broker or dealer of his or her choice, provided, however, that TC reserves the right to approve the broker-dealer selected by the client. In some instances, TC may recommend that a client utilize another broker-

dealer for execution of transactions. In the event a client directs TC to effect transactions for his or her account(s) through a particular broker-dealer, the commission rate charged to the client's account will be the rate the client negotiates with the broker-dealer, and TC will make no attempt to negotiate commissions or obtain best execution on the client's behalf. Under such circumstances, TC will not seek better execution services or prices from other broker-dealers, be able to "bunch" client transactions through other broker-dealers with orders for other clients, or be able to obtain volume commission. As a result, such client direction may result in the account paying higher brokerage commissions or transaction costs or receiving less favorable prices than might otherwise be possible. Consequently, clients directing the use of a particular broker-dealer may not receive best execution. A disparity in commission charges may exist between the commissions charged among a broker-dealer's clients. Clients with directed brokerage accounts should recognize that they may be able to obtain discounts from published brokerage commission rate schedules. Clients with outside accounts must seek such discounts themselves, and TC will not seek such discounts on their behalf.

Any trade errors for which the client is not responsible will be rectified to make the client whole as if the error did not occur. TC has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions due to TC's actions, inaction, or actions of others, TC's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting TC in any way. In all circumstances involving trade errors made by TC, clients are "made whole." If the error is the responsibility of TC, any client transaction will be corrected, and TC will be responsible for any client loss resulting from an inaccurate or erroneous order.

TC has elected when offered the option to keep trade error gains for purposes of netting the gains against trade error losses, and the client will not receive the benefit of any trade error gains. TC will annually calculate any net trade error gains. To the extent any net trade error gains remain at the end of the year, the full amount of the net gains will be donated to charity.

#### Order of Trading

Because TC provides investment advice to both discretionary and non-discretionary clients, there exists a potential conflict of interest between the timing of trades for discretionary clients and the seeking of approval for such trades from non-discretionary clients.

#### Trade Aggregation

TC will aggregate where possible and when advantageous to clients for which it has discretionary trading authority. This blocking of trades permits the trading of

aggregate blocks of securities composed of assets from multiple clients' accounts. Block trading may allow TC to execute trades in a more timely and equitable manner. Clients that direct or restrict TC to using a particular broker-dealer for executing their transactions generally will be unable to participate in aggregated orders and will be precluded from receiving the benefits, if any, that other clients may receive from aggregated orders. Also, TC will generally execute aggregated orders for non-directed clients before executing orders for clients that direct brokerage.

Where trade aggregation occurs, all participating accounts will receive an average share price and share equally any trading costs not directly attributable to their account as required by an account custodian (i.e., based on share size a custodian may charge different costs to different accounts). If an aggregated trade order is only partially filled, all participating accounts will receive a pro rata share of the fill unless such distribution would result in minimal distributions to accounts in which case those accounts may be excluded from the allocation at the trader's discretion. In the event that transactions for employees, principals, or affiliated accounts ("proprietary accounts") are aggregated with client transactions for block trading purposes, conflicts can arise with partial fills. As such, in any block trades that include proprietary accounts *where there is a partial fill*, TC client allocations will be filled in such a manner to ensure that client accounts always receive a price that is at least as good as, if not better than, proprietary accounts. Depending on the circumstances this may involve client accounts being filled first (i.e., before any proprietary accounts are filled) or client accounts being filled at the same time and receiving the same price as proprietary accounts.

TC uses pro-rata as its default method for partial fill allocations. Although rare, there are instances when pro-rata is not a suitable method of allocating block purchases or sales due to the volume executed. This can occur when TC is trying to buy or sell a security at a particular price-point which has been chosen as the best entry or exit price in that security or when volume or float dictates.

When the pro-rata method is deemed unsuitable, based on the trader's discretion, TC will allocate a partial fill using the following methodology. On the first day the security is traded, the trader will visit the following web address: <http://www.randomlettergenerator.com/>. The web address will generate a randomly selected letter of the alphabet. The trader will then begin the partial fill allocation process starting at that point, alphabetically, in TC's client list, and continue the allocation in alphabetical order for as many trading days as it takes to complete the allocation of the security to TC's clients. The next security that can only be partially filled after the first day of trading will begin with a new randomly selected letter following this same process.

In select instances, TC may be a larger shareholder in a given company, including being among its top ten shareholders. In these instances, when



aggregating orders, TC may represent a reasonable amount of average daily trading volume. TC will seek to minimize their market impact when trading these securities, however, depending on market conditions, we may not always be able to limit our market impact.

### Cross Trades

TC does not cross trade equities as a matter of policy. From time to time, it will cross trade bonds in non-retirement accounts when it believes that the cross-trade benefits both the buying and selling client. When such cross trades are placed TC will record the following information: (i) current quoted prices from multiple market sources; (ii) the mid-point between the average bid/ask prices; and (iii) the benefit to the client from the cross trade.

In some circumstances, affiliated and client accounts will share transaction costs equally and receive securities at a total average price. TC will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Due to the decentralized, dealer-based nature of the bond market and the availability of issues, TC seeks competitive bids and offers for its bond orders. The bonds are then delivered to the respective brokerage firms which, in turn, settle the trade. Where permitted, discretionary and directed brokerage accounts are block traded for best available execution. Whether an account is discretionary or client-directed, client direction to execute through a specific broker-dealer in whole or in part could limit or eliminate TC's ability to negotiate commissions and otherwise obtain best price and execution. Client direction also may limit TC's ability to aggregate the client's transaction with those of other TC clients purchasing or selling the same securities.

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

TC's Investment Committee (the "IC") is composed of Matthew Dmytryszyn (Chief Investment Officer), Diana Joseph (Senior Financial Life Advisor and Senior Portfolio Manager), Mary Bakhaus (Senior Financial Life Advisor and Senior Portfolio Manager – Taxable Fixed Income), Tom Uber (Municipal Bonds Portfolio Manager), Brian Babcock (Portfolio Manager), Matthew Mueller (Manager of Equity Trading), Will Wallbank (Senior Portfolio Analyst/Trader), Maria Gorog (Investment Associate) and Robert Young (Senior Investment Analyst). The IC has responsibility for setting investment policy guidelines, risk model asset allocations, and all portfolio investment selections other than private investments, as well as monitoring and updating the investment models as warranted. The IC meets at least monthly and more frequently as needed. The

Private Investment Committee (“PC”) maintains responsibility for the review, selection and oversight of all private investments. The PC is composed of Matthew Dmytryszyn (Chief Investment Officer), Robert Young (Senior Investment Analyst) and Michelle Kirk (Private Investment Operations Associate).

TC reviews all accounts for conformity with investment policy guidelines and the individual client’s stated needs and objectives. Accounts are reviewed by TC’s investment adviser representatives, who are supervised by its executive officers. Account reviews are generally conducted either quarterly, semi-annually or annually, depending on certain client relationship criteria, and as market conditions warrant. Account reviews may also be triggered by changes in the tax laws, new investment information, and changes in a client’s own situation. Account reviewers consider the client’s current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

As part of its basic wealth management service, TC provides clients with a goal based financial plan. After an initial review with the client, basic financial plans are not reviewed on a regular or consistent basis, unless requested by the client. To the extent that the client subsequently establishes account(s) with TC, the account review practices described above will apply.

Clients receive a statement at least quarterly (monthly, if requested) from their custodian(s) providing a list of holdings with valuations to the extent valuations are available, and account activity, as well as confirmations of all securities transactions. Many (but not all) clients also receive a periodic performance report from TC, upon agreement between the parties, showing account performance during the period reported. Clients also receive other periodic communications from both the custodian and TC.

#### TDOF Fund and the Telemus Life Science Real Estate Fund

Investors in the TDOF Fund and the TLSRE Fund (described in Item 4 above) will receive audited financial statements on an annual basis. Other information will be provided upon request to all or individual investors at the Funds’ sole discretion.

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

As noted in Item 4 above, TC’s parent company is Focus Financial Partners, LLC (“Focus”). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include TC, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including TC. However, the meetings do provide sponsorship opportunities for asset managers, asset

custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including TC. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause TC to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including TC. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus from January 1, 2022, to March 1, 2023:

- Orion Advisor Technology, LLC
- TriState Capital Bank
- StoneCastle Network, LLC
- Charles Schwab & Co., Inc.
- BlackRock, Inc.
- Fidelity Brokerage Services LLC
- Fidelity Institutional Asset Management LLC

You can access a more recently updated list of recent conference sponsors on Focus' website through the following link:

<https://focusfinancialpartners.com/conference-sponsors/>

TC has arrangements in place with certain third parties, called solicitors, under which such solicitors refer clients to us in exchange for a percentage of the advisory fees we collect from such referred clients. Such compensation creates an incentive for the solicitors to refer clients to us, which is a conflict of interest for the solicitors. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the solicitor is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the solicitor. Accordingly, we require solicitors to disclose to referred clients, in writing: whether the solicitor is a client or a non-client; that the solicitor will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

Under certain circumstances TC may recommend Schwab to clients for custody, brokerage and banking services (e.g., margin accounts) (primarily clients serviced by TC's Chicago based advisors). There is no direct link between TC's

referrals and the investment advice it gives to its clients, although TC receives an economic benefit from Schwab in the form of general support services it makes available to TC and other independent investment advisers whose clients maintain their accounts at Schwab. These general services include, but are not limited to, attendance at webinars and conferences and free informational materials on various industry topics. These benefits do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, TC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of an economic benefit by TC in and of itself creates a potential conflict of interest and may indirectly influence TC's choice of Schwab for custody and brokerage services.

In addition, please refer to Item 11 for a discussion of TC's Code of Ethics, which is designed and implemented to prevent any arrangement involving TC, its affiliates or its vendors from influencing TC's investment or custody recommendations.

## **Item 15: Custody**

TC is deemed to have custody over client assets when the Firm directly debits client advisory fees from the respective client's custodial account, pursuant to the client's written authorization in the Investment Management Agreement. TC also is deemed to have legal custody over the assets of TC clients who have authorized us to direct their client custodian(s) to direct transfers to third parties pursuant to standing instructions.

Even when TC has legal custody, client assets are maintained at one or more independent qualified custodians. Clients will receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. TC urges you to carefully review the statement(s) received from your custodian(s) and compare them to the performance report statement(s) that we provide or to statement(s) received from a fund administrator. Our statement may vary from custodian statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investors in the TDOF Fund receive written valuations of their account balances quarterly from the third-party fund administrator. As its affiliate serves as the general partner to the Fund, TC is deemed to have custody of the TDOF Fund's assets. TC maintains the TDOF Fund's cash and listed securities with one or more qualified custodians and provides investors audited written financial reports annually as soon as reasonably practicable after the end of the TDOF Fund's fiscal year.

With respect to the TLSRE Fund, TC is also deemed to have custody of the Fund's assets since TC's affiliate serves as the manager of the TLSRE Fund. TC

maintains the Fund's cash or listed securities with one or more qualified custodians and provides investors audited written financial reports annually as soon as reasonably practicable after the end of the TLSRE Fund's fiscal year.

## **Item 16: Investment Discretion**

In discretionary arrangements clients grant TC discretionary trading authority in their client agreements with TC to select the identity and number of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account. Clients are permitted to impose reasonable written guidelines and restrictions on the trading of their accounts.

## **Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, TC has adopted and implemented written policies and procedures governing the voting of client securities. Proxies that TC receives will be treated in accordance with these policies and procedures.

TC has engaged the services of Broadridge's ProxyEdge platform to vote and maintain records of all proxies on behalf of our clients. The Broadridge open architecture platform allows TC to choose from several different proxy advisory firms to make recommendations on how TC should vote the proxies. TC has selected Egan-Jones Proxy Services as the current advisor, which considers the reputation, experience, and competence of a company's management and board of directors when it evaluates an issuer.

Upon request, TC will arrange to vote a client's proxies in accordance with proxy voting guidelines which the client has adopted. An additional fee may be charged for this service.

In addition, TC has also contracted with Broadridge to file class action "proof of claim" forms on behalf of its client accounts.

TC's complete proxy voting policy, procedures, and those of its proxy voting service providers, are available for client review. In addition, our complete proxy voting record is available to our clients. Clients should contact us if they have any questions or would like to review any of these records.

When providing wealth advisory services to clients, TC does not provide investment management services or otherwise exercise discretionary authority over its clients' assets. Therefore, TC does not vote proxies on behalf of clients receiving wealth advisory services.

## **Item 18: Financial Information**

TC 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.

## **Conclusion**

If you have any questions concerning TC's services or this brochure, please contact us at (248) 827-0103 or by email to [eoppenheim@telemus.com](mailto:eoppenheim@telemus.com).