

# **Trivium Point Advisory LLC**

## **FORM ADV PART 2A – DISCLOSURE BROCHURE**

### **Item 1 – Cover Page**

315 Post Road West,  
Westport, CT 06880

This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Trivium Point Advisory LLC (“TPA” or the “Advisor”). If you have any questions regarding the content of this Disclosure Brochure, please do not hesitate to contact the Advisor’s Chief Compliance Officer, Carol Robertson by telephone at (203) 221-3085 or by email at [CRobertson@triviumpoint.com](mailto:CRobertson@triviumpoint.com). The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

TPA is a registered investment advisor. Registration with the SEC or any state securities authority does not imply a certain level of skill or training. Additional information about TPA is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 292182.

January 11, 2023

## **Item 2 – Material Changes**

Form ADV Part 2 requires registered investment advisors to amend their Disclosure Brochure when information becomes materially inaccurate. If there are any material changes to the Advisor's Disclosure Brochure, the Advisor is required to notify you and provide you with a description of the material changes.

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- The Advisor is now conducting business as Trivium Point Advisory LLC.
- The Advisor is now affiliated with Trivium Point Accounting LLC.
- The Advisor has begun offering Participant Account Management through a third party platform. Please see item 4 for additional information.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

You may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 292182. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (203) 221-3085 or by email at [info@triviumpoint.com](mailto:info@triviumpoint.com).

### Item 3 - Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes .....	2
Item 3 - Table of Contents .....	3
Item 4 - Advisory Business .....	5
A. Description of the Advisory Firm .....	5
B. Types of Advisory Services .....	5
C. Client-Tailored Advisory Services .....	9
D. Assets Under Management .....	9
Item 5 - Fees and Compensation .....	10
A. Fees for Advisory Services .....	10
B. Payment of Fees .....	11
C. Clients Responsible for Custodial and Brokerage Fees .....	12
D. Prepayment of Fees.....	13
E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients.....	14
Item 6 - Performance-Based Fees and Side-by-Side Management.....	15
Item 7 - Types of Clients.....	15
Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss .....	15
A. Methods of Analysis and Risk of Loss .....	15
B. Material Risks .....	16
C. Use of Independent Managers .....	20
D. Unusual Risks of Specific Securities .....	20
Item 9 – Disciplinary Information .....	22
Item 10 – Other Financial Industry Activities and Affiliations .....	22
Item 11 – Code of Ethics, Participation or Interest in Client Transactions .....	24
A. Description of Code of Ethics.....	24
Item 12 – Brokerage Practices .....	24
A. Factors Used to Select Custodians and/or Broker-Dealers .....	24

B. Trade Aggregation .....	30
Item 13 – Review of Accounts.....	30
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....	30
B. Other Reviews.....	31
C. Content and Frequency of Regular Reports Provided to Clients.....	31
Item 14 – Client Referrals and Other Compensation.....	31
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients.....	31
B. Compensation to non-Supervised Persons for Client Referrals.....	31
Item 15 – Custody .....	32
Item 16 – Investment Discretion.....	32
Item 17 – Voting Client Securities.....	32
Item 18 – Financial Information .....	32
A. Balance Sheet.....	32
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	33
C. Bankruptcy Petitions in Previous Years .....	33

## **Item 4 - Advisory Business**

### **A. Description of the Advisory Firm**

Trivium Point Advisory LLC (“TPA” or the “Advisor”) is a limited liability company organized in the State of Delaware, located in the State of Connecticut. TPA became an investment advisory firm registered with the U.S. Securities and Exchange Commission (“SEC”) in February 2018. TPA is owned by Trivium Point Financial Holdings LLC. The majority owners of Trivium Point Financial Holdings LLC are George Gerhard and Ron Pac. The Advisor is operated by George Gerhard (Managing Partner), Ron Pac (Managing Partner), Lee Rawiszer (Managing Partner), and David Halper (Managing Partner), and Paul Volpe (Managing Partner).

All statements in this Disclosure Brochure, including those made in the present tense, describe the prospective business of TPA. If you have any questions regarding the content of this Disclosure Brochure, please do not hesitate to contact the Advisor’s Chief Compliance Officer, Carol Robertson by telephone at (203) 221-3085 or by email at [CRobertson@triviumpoint.com](mailto:CRobertson@triviumpoint.com).

### **B. Types of Advisory Services**

TPA offers investment advisory services to individuals, high net worth individuals, family offices, trusts, institutions, businesses, charitable foundations, and retirement/profit-sharing plans (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. TPA’s fiduciary commitment is further described in the Advisor’s Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

TPA advises Clients in all areas of financial management, including tax-efficient wealth accumulation, retirement, estate and gift planning as well as income planning. TPA’s comprehensive services can include values-based wealth, income and estate planning, assistance with insurance, real-estate holdings, multigenerational wealth planning and entrepreneurial needs and philanthropy.

#### *Financial Planning Services*

TPA offers its Clients a variety of comprehensive financial planning and consulting services. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation based on the Client’s financial goals and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to cash flow

analysis, investment planning, retirement planning, estate planning, personal savings, educational savings, and other areas of a Client's financial situation.

A financial plan developed for or financial consultation rendered to the Client will typically include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. TPA may recommend the services of itself and/or other professionals to implement its recommendations. Depending on Client circumstances, TPA may also offer the preparation of tax returns as part of its financial planning services. Clients are advised that a conflict of interest exists if pursuant to a separate financial consultation arrangement, TPA recommends its own services, as such a recommendation may increase the amount of advisory fees paid to TPA. The Client is under no obligation to act upon any of the recommendations made by TPA or its Advisory Persons under a financial planning or consulting engagement to engage the services of any such recommended professional, including TPA itself.

#### *Investment Management Services*

*Internal Investment Management* – TPA's portfolio construction process follows five basic principles that manage risk, maximize diversification, use alternative investments, capitalize on traditional asset classes and maintain a consistent portfolio process.

In designing and implementing customized models and portfolio strategies, TPA manages, on either a discretionary or non-discretionary basis, a broad range of investment strategies and vehicles. TPA primarily allocates Client assets among various mutual funds, exchange-traded funds ("ETFs"), and individual debt and equity securities in accordance with Clients' stated investment goals and objectives. In addition, TPA can design and implement customized strategies, managing a broad range of investment strategies and vehicles including traditional asset classes and alternative investments.

Where appropriate and requested by Clients, TPA may also provide advice about positions held in their portfolios prior to engaging TPA. Clients may also engage TPA to manage and/or advise on certain investment products that are not maintained at their primary custodian, including, but not limited to, variable life insurance and annuity contracts, assets held in employee sponsored retirement plans and qualified tuition plans (for example, 529 plans). In those situations, TPA directs or recommends the allocation of Client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider. Certain external managers utilized by TPA may use custodians other than the primary custodian recommended by TPA.

*Use of External Managers* – TPA also recommends to Clients that all or a portion of their investment portfolio be managed on a discretionary basis by one or more unaffiliated money

managers or investment platforms (“External Managers”). The Client may be required to enter into a separate agreement with the External Manager[s], which will set forth the terms and conditions of the Client’s engagement of the External Manager or will receive a Statement of Investment Selection in a single contract relationship. TPA generally renders services to the Client relative to the discretionary selection of External Managers. TPA will assist in establishing the Client’s investment objectives for the assets managed by External Managers, monitors and reviews the account performance and defines any restrictions on the account[s]. TPA will perform initial and ongoing oversight and due diligence over the selected External Manager[s] to ensure the External Managers’ strategies and target allocations remain aligned with its Clients’ investment objectives and overall best interests. The investment management fees charged by the designated External Manager[s], together with the fees charged by the corresponding designated broker-dealer/custodian of the Client’s assets, are exclusive of, and in addition to, the annual advisory fee charged by TPA.

*Institutional Intelligent Portfolios® Platform* – For certain Clients, TPA may recommend that all or a portion of a Client’s investment portfolio be established through an automated investment program offered by TPA and made available through the Custodian, Charles Schwab & Co., Inc. (“Schwab”). Under this service, Clients will engage TPA through an investment management agreement for these advisory services and utilize the Institutional Intelligent Portfolios® Platform (“IIP”) offered by Schwab Performance Technologies, a software provider affiliated with Schwab.

IIP is an automated investment engine through which TPA manages the Client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting. TPA will have the discretionary authority to instruct IIP with respect to portfolio construction, consisting of only exchange-traded funds (“ETFs”) and asset allocation, subject to the limitations described herein. IIP will implement the portfolio and will have discretionary authority to automatically rebalance the portfolio back to the Client’s target allocation.

IIP utilizes ETFs, representing various asset classes for the construction of investment portfolios. TPA will work with each Client to select a portfolio to meets the needs of the Client. The Client has limited ability to put restrictions on its account[s]. The portfolios cannot contain investments that are not included in the IIP universe of available ETFs.

TPA will delegate limited investment discretion to IIP to implement trading and rebalancing within the parameters of the Advisor’s investment strategies. The Advisor’s investment philosophy is long-term, but the Advisor may make such tactical overrides to take advantage of market pricing anomalies or strong market sectors. Client portfolios must maintain a minimum balance of \$5,000 to be eligible for automatic rebalancing. Prior to engagement, the Advisor will provide the Client with the Schwab Intelligent Portfolios Sweep Program Disclosure Statement. The Advisor shall only earn its fees as described in Item 5 below.

*Schwab Bank Pledged Asset Line®* - The Advisor may introduce certain Clients to a Pledged Asset Line®, a non-purpose revolving line of credit available offered through Charles Schwab Bank, secured by eligible assets held in an account maintained at the Custodian. (“Lending Program”). In such instances, the Client’s assets in their account[s] at the Custodian will be utilized as collateral for a non-purpose revolving line of credit. The recommendation of a Lending Program presents a conflict of interest as the Advisor will continue to receive investment advisory fees for managing the collateralized assets in the Client’s account[s]. Clients are not obligated to engage the Advisor for the Lending Program. For additional information related to the risks involved non-purpose loans, please see Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.

*Participant Account Management-* As part of the Advisor’s Investment Management Services, when appropriate, the Advisor will use a third party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows the Advisor to avoid being considered to have custody of Client funds since the Advisor does not have direct access to Client log-in credentials to affect trades. The Advisor is not affiliated with the platform in any way and do not receive compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, the Advisor will review the current account allocations. When deemed necessary, the Advisor will rebalance the account considering client investment goals and risk tolerance, and changes in allocations will take into account current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

*Retirement Accounts-* When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts (“IRAs”), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. When deemed to be in the Client’s best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

#### *Retirement Plan Advisory Services*

TPA provides 3(21) retirement plan advisory services on behalf of the retirement plans (each a “Plan”) and the company (the “Plan Sponsor”). The Advisor’s retirement plan advisory services



are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement (“IPS”) Design and Monitoring
- Investment Oversight Services
- Performance Reporting
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance

These services are provided by TPA serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of TPA’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

### **C. Client-Tailored Advisory Services**

Each Client’s needs are different. TPA tailors its investment advisory services to the specific needs of each Client. Each investment advisory Client is provided an Advisory Person whose role is to facilitate the provision of investment advisory services that are tailored to the Client’s unique circumstances. TPA consults with Clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, income tax issues, liquidity constraints and other related factors relevant to the management of their portfolios. If a Client’s financial situation changes, or if their investment objectives or risk tolerance changes, Clients are advised to promptly advise TPA of such changes or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions on the management of their accounts if TPA determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for TPA’s management efforts.

### **D. Assets Under Management**

As of December 31, 2023, TPA has \$716,160,443 in regulatory assets under management, \$617,768,767 of which are managed on a discretionary basis and \$98,391,676 on a non-discretionary basis. Clients can request more recent information at any time by contacting the Advisor.

## **Item 5 - Fees and Compensation**

### **A. Fees for Advisory Services**

#### *Investment Management Services*

TPA charges an annual advisory fee that is agreed upon with each Client and set forth in an agreement executed by TPA and the Client. TPA's fee for investment advisory services is negotiable and varies based on several factors, including, but not limited to, the size of the relationship, the nature and complexity of the products and investments involved, time commitments and travel requirements. The fee generally ranges between 0.10% and 1.25% annually of the value of the assets under management. For the initial quarter, the fee shall be calculated in arrears on a pro rata basis, based upon the period ending value of assets under management as provided by third-party sources, such as pricing services, custodians, fund administrators, and Client-provided sources. For subsequent quarters, the advisory fee generally is payable in advance (except for services to participant-directed 401k plans, which generally are payable in arrears), based on the value of assets under management on the last business day of the previous quarter as provided by third-party sources, such as pricing services, custodians, fund administrators, and Client-provided sources. For Clients referred by TPA to an External Manager, the Client's fee will be deducted from the Client's account[s] with the respective External Manager and a portion of the fee will be provided to TPA based on TPA's agreement with the Client.

The Client may make additions or withdrawals from the account[s] at any time, subject to the Advisor's right to terminate an account or the overall relationship. Additions may be in cash or securities provided that the Advisor reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account[s]. Clients may withdraw account assets on notice to TPA, subject to the usual and customary securities settlement procedures. However, the Advisor typically designs its investment portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. TPA may consult the Client about certain implications such transactions. Clients are advised that when such securities are liquidated, they may be subject to securities transaction fees, short-term redemption fees, and/or tax ramifications. If assets in excess of \$50,000 are deposited into or withdrawn from the Client's account[s], the Advisor's fee will be adjusted in the next billing period to reflect the fee difference. The Advisor, at its sole discretion, will negotiate a fee that differs from the schedule above for certain account[s] or holdings.

*Institutional Intelligent Portfolios® Platform* – Investment management fees are paid in advance of each calendar quarter, pursuant to the terms of the investment management agreement.

Investment management fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment management fees range from 0.10% to 1.25% annually.

#### *Financial Planning Services*

TPA's fee for financial planning services is separate and apart from the annual advisory fee. Such fee is negotiable and is based on an hourly rate of \$250 to \$500 per hour or an agreed-upon flat fee. An estimate for total hours and/or overall costs will be provided to the Client prior to engaging for these services.

#### *Retirement Plan Advisory Services*

Fees for retirement plan advisory services are charged an annual asset-based fee of up to 1.00%, billed quarterly in arrears, pursuant to the terms of the agreement. Retirement plan advisory fees are based on the market value of assets under management at the end of the calendar quarter. Fees may be negotiable depending on the size and complexity of the Plan.

Employees and family members of the Advisor may receive waived or reduced fees. TPA does not maintain a minimum fee or a minimum level of account assets.

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

#### *Investment Management Services*

TPA generally deducts its advisory fee from a Client's investment account[s] held at his/her custodian. Upon engaging TPA to manage such account[s], a Client grants TPA this limited authority through a written instruction to the custodian of his/her account[s]. Each quarter, the quarterly fee will be debited from the Client's account[s] held at the Client's custodian. The Client is responsible to verify the accuracy of the calculation of the advisory fee; the custodian will not determine whether the fee is accurate or properly calculated. A Client may utilize the same procedure for financial planning or consulting fees if the Client has investment accounts held at a custodian.

Although Clients generally are required to have their investment advisory fees deducted from their accounts, in some cases, TPA will directly bill a Client for investment advisory fees if it determines that such billing arrangement is appropriate given the circumstances.

The custodian of the Client's accounts provides each Client with a monthly statement indicating separate line items for all amounts disbursed from the Client's account[s], including any fees paid to TPA.

Clients may make additions to and withdrawals from their account[s] at any time, subject to TPA's right to terminate an account. Additions may be in cash or securities provided that the Advisor

reserves the right to liquidate transferred securities or decline to accept particular securities into a Client's account[s]. Clients may withdraw account assets at any time on notice to TPA, subject to the usual and customary securities settlement procedures. However, the Advisor generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. TPA may consult with its Clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

*Institutional Intelligent Portfolios® Platform* – TPA deducts its advisory fee from the Client's investment account[s] at Schwab, as authorized by the Client as part of the investment management agreement. Schwab does not collect any additional fees as part of this service.

#### *Financial Planning Services*

Financial planning fees may be invoiced up to one hundred percent (100%) of the total fee at the time the Client enters into the financial planning agreement. TPA will not collect an advance fee of \$1,200 or more for services that will take six (6) months or more to complete.

#### *Retirement Plan Advisory Services*

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **C. Clients Responsible for Custodial and Brokerage Fees**

In connection with TPA's management of a Client's account[s], a Client will incur fees and/or expenses separate from TPA's advisory fee. These additional fees may include transaction charges and the fees/expenses charged by any custodian, subadvisor, mutual fund (such as 12b-1 fees), separate account manager (and the manager's platform manager, if any), limited partnership, or other advisor, transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), margin interest, brokerage commissions, mark-ups or mark-downs and other transaction-related costs, electronic fund and wire fees, and any other fees that reasonably may be borne by a brokerage account. Certain if TPA's recommended Custodian do not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, these Custodians typically charge for mutual funds and other types of investments. For External Managers, Clients should review each manager's Form ADV Part 2A – Disclosure Brochure and any contract they sign with the External Manager (in a dual contract relationship). The Client is responsible for all such fees and expenses. Please see Item 12 of this Disclosure Brochure regarding brokerage practices.

## **D. Prepayment of Fees**

### *Investment Management Services*

Clients have five (5) business days from the date of execution of the Client agreement to terminate TPA's services without incurring any advisory fees. The investment advisory agreement between TPA and the Client may be terminated at will by either TPA or the Client. TPA does not impose termination fees when the Client terminates the investment advisory relationship, except when agreed upon in advance. TPA's investment advisory fees generally are paid in advance. Upon the termination of a Client's investment advisory relationship, TPA will issue a refund equal to any unearned management fee for the remainder of the quarter. The Client may specify how he/she would like such refund issued (i.e., a check sent directly to the Client or a check sent to the Client's custodian for deposit into his/her account). The Client's investment advisory agreement with TPA is non-transferable without the Client's prior consent.

In the event that a Client should wish to terminate their relationship with an External Manager, the terms for termination will be set forth in the respective agreements between the Client or the Advisor and the External Manager. TPA will assist the Client with the termination and transition as appropriate.

*Institutional Intelligent Portfolios® Platform* – Investment management fees charged for IIP account[s] are collected quarterly, in advance of investment management services being rendered. The Client may terminate the account[s] with IIP, at any time, by providing advance written notice to the Advisor. The Advisor will assist in facilitating the assets or will refund any unearned, prepaid investment management fees from the effective date of termination to the end of the quarter.

### *Financial Planning Services*

TPA may require an advanced deposit as described above. The financial planning agreement between TPA and the Client may be terminated at will by either TPA or the Client. The Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engagement, the percentage of the engagement scope completed by the Advisor. Upon termination, the Advisor will promptly refund any unearned, prepaid planning fees. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

*Retirement Plan Advisory Services*

TPA is compensated for its retirement plan advisory services at the end of the quarter after advisory services are rendered. The retirement plan advisory agreement between TPA and the Client may be terminated at will by either TPA or the Client. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. The Client's retirement plan services agreement with the Advisor is non-transferable without the Client's prior consent.

**E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients**

TPA does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Certain representatives who provide investment advice to Clients (our "Advisory Persons") are registered representatives of LPL Financial LLC. ("LPL Financial") a FINRA-registered broker-dealer and member of SIPC.

An Advisory Person of TPA will implement securities transactions, acting in one's separate capacity as registered representative, on a commission basis through LPL Financial instead of TPA. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, as well as a share of any ongoing distribution or service (trail) fees, including 12b-1 fees for the sale of investment company products. Compensation earned by the Advisory Person in his or her capacity as a registered representative is separate from and in addition to TPA's advisory fee charged on Client assets held in advisory accounts. The receipt of such compensation by an Advisory Person presents a conflict of interest as an Advisory Person who is a registered representative has an incentive to effect securities transactions for the purpose of generating commissions and 12b-1 fees rather than solely based on the Client's needs. Clients may be able to obtain these products less expensively through sources other than LPL Financial that do not generate compensation for the Advisory Person. TPA addresses this conflict through disclosure and additionally notes that the Advisor does not charge advisory fees on assets where one of our Advisory Persons, acting in one's separate capacity as registered representative, received brokerage compensation (e.g., it does not "double dip"). TPA notes that Clients are under no obligation to purchase securities products through LPL Financial or our Advisory Persons or otherwise engage such persons and may choose brokers or agents not affiliated with TPA or LPL Financial, and in some cases, could purchase products directly from fund companies without paying brokerage compensation.

Advisory Persons of TPA are also licensed as insurance professionals through an affiliate of TPA, Trivium Point Insurance Group, LLC. Such persons earn commission-based compensation for selling insurance products to Clients. Insurance commissions earned by Advisory Persons who are insurance professionals are separate from and in addition to TPA's advisory fee. This practice presents a conflict of interest as an Advisory Person who is an insurance professional may have an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on Client needs. Clients are under no obligation to purchase insurance products through any person affiliated with TPA.

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

TPA does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a Client's account[s]. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. TPA's fees are calculated as described in Item 5 above.

### **Item 7 - Types of Clients**

TPA offers investment advisory services to individuals, high net worth individuals, family offices, trusts, institutions, businesses, charitable foundations, and retirement/profit-sharing plans. TPA generally does not impose a minimum account size for establishing a relationship.

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

#### **A. Methods of Analysis and Risk of Loss**

The first step in TPA's investment strategy is getting to know the Client – to understand the Client's financial condition, risk profile, investment goals, tax situation, liquidity constraints – and assemble a complete picture of their financial situation. To aid in this understanding, TPA offers financial planning services to its Clients that are highly customized and tailored. This comprehensive approach is integral to the way that TPA does business. Once TPA has a true understanding of its Clients' needs and goals, the investment process can begin, and the Advisor can recommend strategies and investments that it believes are aligned with the Clients' goals and risk profile. TPA may select certain external managers to manage a portion of its Clients' assets.

TPA primarily employs fundamental analysis methods in developing investment strategies for its Clients. Analysis from TPA is based on numerous sources, including third-party research materials and publicly-available materials, such as company annual reports, prospectuses, and press releases.

Overall investment strategies recommended to each Client emphasize long-term ownership of a diversified portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The Client's portfolio size, tax sensitivity, desire for simplicity, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence TPA's investment recommendations.

## **B. Material Risks**

Investing in individual equity or fixed income securities involves a risk of loss. A Client can lose all or a substantial portion of his/her investment. A Client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

The mutual funds, ETFs, and External Managers that the Advisor frequently invests Client assets with or recommends to Clients generally own individual equity and/or fixed income securities and therefore also involve the risk of loss that is inherent in investing in securities, and which Clients should be prepared to bear.

The extent of the risk of ownership of fund shares generally depends on the type and number of securities held by the fund. Mutual funds invested in fixed income securities are subject to the same interest rate, inflation, and credit risks associated with the fund's underlying bond holdings. Fixed income securities may decrease in value as a result of many factors, for example, increases in interest rates or adverse developments with respect to the creditworthiness of the issuer. Risks also may be significantly increased if a mutual fund pursues an alternative investment strategy. An investment in an alternative mutual fund involves special risks such as risk associated with short sales, leveraging the investment, potential adverse market forces, regulatory changes, and potential illiquidity. Investing in alternative strategies presents the opportunity for significant losses. Returns on mutual fund investments are reduced by management costs and expenses.

An ETF's risks include declining value of the securities held by the ETF, adverse developments in the specific industry or sector that the ETF tracks, capital loss in geographically focused funds because of unfavorable fluctuation in currency exchange rates, differences in generally accepted accounting principles, or economic or political instability, tracking error, which is the difference between the return of the ETF and the return of its benchmark and trading at a premium or discount, meaning the difference between the ETF's market price and NAV. ETFs also are subject to the individual risks described in their prospectus. Although many mutual funds and ETFs may provide diversification, risks can be significantly increased if a mutual fund or ETF is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage to a significant degree, or concentrates in a particular type of security.



One of the main advantages of mutual funds and ETFs is that they give individual investors access to professionally managed, diversified portfolios of equities, bonds and other securities.

Although the goal of diversification is to combine investments with different characteristics so that the risks inherent in any one investment can be balanced by assets that move in different cycles or respond to different market factors, diversification does not eliminate the risk of loss. In some circumstances, price movements may be highly correlated across securities and funds. A specific fund may not be diversified and a Client portfolio may not be diversified. Additionally, when diversification is a Client objective, there is risk that the strategies that the Advisor uses may not be successful in achieving the desired level of diversification. There is also risk that the strategies, resources, and analytical methods that the Advisor uses to identify mutual funds and ETFs will not be successful in identifying investment opportunities.

The following events also could cause mutual funds, ETFs, equities and fixed income securities and other investments managed for Clients, as well as those managed by External Managers, to decrease in value:

- Market Risk: The price of an equity 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, changes in political, economic and social conditions may trigger adverse market events.
- 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.
- Event Risk: An adverse event affecting a particular company or that company's industry could depress the price of a Client's investments in that company's stocks or bonds. The company, government or other entity that issued bonds in a Client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency. Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.
- Liquidity Risk: Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.
- Leverage Risk: The use of leverage may lead to increased volatility of a fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the fund's portfolio, which may lead to increased market price declines. Fluctuations in

interest rates on borrowings or the dividend rates on preferred shares that take place from changes in short- term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.

- Domestic and/or Foreign Political Risk: The events that occur in the U.S. relating to politics, government, and elections can affect the U.S. markets. Political events occurring in the home country of a foreign company such as revolutions, nationalization, and currency collapse can have an impact on the security.
- Inflation Risk: Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting its underlying health.
- Currency or Exchange Risk: Overseas investments denominated in foreign currencies are subject to fluctuations in the exchange rates between such foreign currencies and the U.S. dollar. In addition, investments denominated in foreign currencies are subject to the possible imposition of exchange control regulations or currency restrictions or blockages.
- Operational Risk: Fund advisors and other ETF service providers may experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures, that could negatively impact the mutual fund or ETF.
- Reinvestment Risk: This risk is 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.
- Regulatory/Legislative Developments Risk: Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities
- Illiquid Securities: Investments in hedge funds and other private investment funds may underperform publicly offered and traded securities because such investments typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
  - Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds;

- Are more difficult for to monitor and value due to a lack of transparency and publicly available information about these funds;
  - May have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments; and
  - Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.
- Non-Purpose Loans and Lines of Credit: Non-purpose loans and lines of credit carry a number of risks, including but not limited to the risk of a market downturn, tax implications if collateralized securities are liquidated, and an increase in interest rates. A decline in the market value of collateralized securities held in the account[s] at the Custodian, may result in a reduction in the draw amount of the Client's line of credit, a demand from the Lending Program that the Client deposit additional funds or securities in the Client's collateral account[s], or a forced sale of securities in the Client's collateral account[s].
  - Cybersecurity Risk: The computer systems, networks and devices used by TPA 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.

### **C. Use of External Managers**

TPA selects certain External Managers to manage all or a portion of a Client's assets. In these situations, the success of such recommendations relies to a great extent on the External Managers' ability to successfully implement their investment strategies. In addition, TPA generally does not have the ability to supervise the External Managers on a day-to-day basis.

### **D. Unusual Risks of Specific Securities**

#### **Risk Associated with Initial Public Offerings**

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the company's shares.

#### **Risks Associated with Closed-End Funds**

Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.

#### **Risks Associated with Structured Notes**

- **Complexity.** Structured notes are complex financial instruments. Clients should understand the reference asset[s] or index(es) and determine how the note's payoff structure incorporates such reference asset[s] or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for Clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the

performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with us.

- Market risk. Some structured notes provide for the repayment of principal at maturity, which is often referred to as “principal protection.” This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. *For structured notes that do not offer principal protection, the performance of the linked asset or index may cause Clients to lose some, or all, of their principal.* Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.
- Issuance price and note value. The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer’s estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.
- Liquidity. The ability to trade or sell structured notes in a secondary market is often very limited as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on security exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution’s broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.
- Credit risk. Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

### **Item 9 – Disciplinary Information**

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

The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory Persons are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 292182.

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

#### *Registrations with Broker-Dealer*

As detailed in Item 5.E., Advisory Persons providing investment advice on behalf of the Advisor's firm may be registered representatives with LPL Financial. See the *Fees and Compensation* section in this Disclosure Brochure for more information on the compensation received by registered representatives who are affiliated with the Advisor.

#### *Trivium Point Insurance Group, LLC*

As detailed in Item 5.E., Advisory Persons are licensed insurance agents through an affiliated entity, Trivium Point Insurance Group, LLC, and offer certain insurance products on a fully-disclosed commissionable basis. This practice presents a conflict of interest as an Advisory Person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on Client needs. TPA strives to make recommendations which are in the best interests of its Clients. Clients are under no obligation to purchase insurance products through any person affiliated with TPA. The Advisor has procedures in place whereby it seeks to ensure that all recommendations are made in its Clients' best interest regardless of any such affiliations.

#### *Merchant Wealth Management Holdings, LLC*

Merchant Wealth Management Holdings, LLC ("Merchant Wealth"), a subsidiary of Merchant Investment Management, LLC ("Merchant Investment"), owns a minority, non-controlling interest in the Advisor. Merchant Investment, through subsidiaries other than Merchant Wealth, has ownership interests in various companies that provide investment and other consulting services to financial firms, including investment advisors ("Investment Solutions"). The Advisor is provided access to use these Investment Solutions, where the Advisor may utilize the

Investment Solutions pursuant to an engagement that the Advisor enters into directly with the third party providing the investment solution. These Investment Solutions may include, but are not limited to, third party money managers, private investments, pooled investment vehicles, or other investment products for which a commission is earned. Engagement of and with these Investment Solutions poses a conflict of interest due to the minority ownership interest that Merchant Investment's various subsidiaries own in the third parties providing these Investment Solutions. Through Merchant Investment's minority ownership interests in the third parties that provide these Investment Solutions, Merchant Investment will benefit from additional revenue that is generated when the Advisor engages any of these third-party service providers. Accordingly, the Advisor may have an incentive to engage one or more of these Investment Solutions. In an effort to ensure these conflicts of interest are addressed, the Advisor has implemented a risk control and disclosure framework, the objective of which is for the Advisor to select Investment Solutions that are in the best interest of the Client. The Advisor is not controlled by Merchant Wealth or Merchant Investment and is operated independently where Merchant Investment and all other related subsidiaries are not involved with the services offered by the Advisor and maintains its own office space.

*Maxim Income Opportunity Fund II, L.P.*

The Advisor recommends that certain Clients, who meet the appropriate qualifications, invest into the Maxim Income Opportunity Fund II, L.P. (herein "Maxim"). Individual owners of Merchant Wealth, in their separate capacity, have material ownership interests in Maxim. As a result, these individuals stand to benefit financially from additional investments made into Maxim and from returns generated by Maxim. These individual owners of Maxim, who also have an indirect ownership interest in the Advisor, would benefit financially in their individual capacity if the Advisor invests Client funds into Maxim. As a result, the Advisor may have an incentive to invest Client funds into Maxim. Prior to recommending Maxim, the Advisor will conduct appropriate due diligence to ensure any recommendation to a Client to invest into Maxim aligns with the Client's investment needs and objectives. In addition, the Advisor will provide additional disclosure information to each Client, which will include relevant details regarding material financial interests and compensation surrounding Maxim. Neither the Advisor nor its Supervised Persons will receive any additional compensation for investing Client funds into Maxim. In addition, there is no requirement for the Advisor to recommend Maxim to Clients, nor are Clients obligated to invest into Maxim.

*Piton Investment Management, LP*

The Advisor recommends and utilizes Piton Investment Management, LP ("Piton") as an Independent Manager. Piton is an SEC-registered investment advisor focusing on fixed income investment management solutions to registered investment advisors, institutions and high net worth individuals. Individual owners of Merchant Wealth, in their separate capacity, have ownership interests in Piton. As a result, these individuals stand to benefit financially from additional assets managed by Piton. To ensure that the Advisor is selecting independent

managers that are in the best interest of the Client, especially Piton, the Advisor has implemented a risk control and disclosure framework to ensure these conflicts are addressed.

### *Trivium Point Accounting LLC*

TPA is affiliated, through common control, with Trivium Point Accounting LLC (“TP Accounting”), which is owned and operated by George Gerhard and Ronald Pac. TP Accounting provides accounting, tax planning, business consulting, and business bookkeeping services. These services provided by TP Accounting are separate and distinct from the advisory services provided by TPA. The Advisor may recommend that Clients engage TP Accounting for accounting or tax services. Depending on the terms of the agreement with each Client, the cost for these services may or may not be included in the Advisor’s fees. These services will be outsourced, where tax preparation fees will be paid solely by the Advisor. Clients are under no obligation to utilize the services offered by TP Accounting.

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

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

TPA has a Code of Ethics (the “Code”) which requires TPA’s employees (“Supervised Persons”) to comply with their legal obligations and fulfill the fiduciary duties owed to the Advisor’s Clients. Among other things, the Code of Ethics sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by Supervised Persons.

Personal securities transactions of Supervised Persons present conflicts of interest with the price obtained in Client securities transactions or the investment opportunity available to Clients. The Code addresses these conflicts by prohibiting securities trades that would breach a fiduciary duty to a Client and requiring, with certain exceptions, Supervised Persons to report their personal securities holdings and transactions to TPA for review by the Advisor’s Chief Compliance Officer. The Code also requires Supervised Persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

TPA will provide a copy of the *Code of Ethics* to any Client or prospective Client upon request.

## **Item 12 – Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker-Dealers**

TPA generally recommends that its investment management Clients utilize the custody and brokerage services of an unaffiliated broker/dealer custodian as its broker-dealer/custodian (herein collectively the “Custodian”) with which TPA has an institutional relationship. Currently,



this includes Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (“Schwab”), which is a FINRA-registered broker-dealer and member of SIPC and a “Qualified Custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. This also includes Pershing Advisor Solutions LLC, a division of Pershing LLC (“Pershing”), which is a FINRA-registered broker-dealer and member of SIPC and a “Qualified Custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Each Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed in Client accounts by TPA. If Client accounts are custodied at Schwab, Schwab will hold Client assets in a brokerage account and buy and sell securities when TPA instructs them to. While TPA recommends that Clients use Schwab as Custodian, Clients decide whether to do so and open accounts with Schwab by entering into an account agreement directly with Schwab. TPA does not open an account with Schwab for Clients.

In deciding to recommend Schwab, some of the factors that TPA considers include:

- combination of transaction execution services along with asset custody service;
- order execution and the ability to provide accurate and timely execution, clearing and settlement of trades;
- capabilities to facilitate transfers and payments to and from accounts;
- the reasonableness and competitiveness of services, including commission rates and other fees and transaction costs;
- access to a broad range of investment products, including stocks, bonds, mutual funds, and exchange-traded funds;
- availability of investment research and tools that assist the Advisor in making investment decisions;
- quality of services;
- access to trading desks;
- technology that integrates within TPA’s environment, including interfacing with TPA’s portfolio management system;
- a dedicated service or back office team and its ability to process requests from TPA on behalf of its Clients;

- ability to provide TPA with access to Client account information through an institutional website;
- ability to provide Clients with electronic access to account information and investment and research tools; and
- reputation, financial strength, and stability.
- As an additional benefit, the Custodian provides financial support for the transition of Client account[s] to Schwab (“Transition Assistance”).

TPA may place portfolio transactions through the Custodian where the Clients’ accounts are custodied. In exchange for using the services of the Custodian, TPA may receive, without cost, computer software and related systems support that allows TPA to monitor and service its Clients’ accounts maintained with such Custodian.

Products and Services Available to the Advisor from Schwab. Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like TPA. Schwab Advisor Services provide the Advisor’s Clients and the Advisor with access to its institutional brokerage trading, custody and reporting and related services – many of which are not available typically to Schwab retail customers. Schwab also makes available to the Advisor various support services, some of which help the Advisor manage or administer Client accounts while others help the Advisor manage and grow the business.

Clients benefit from Schwab’s institutional brokerage services, which include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which the Advisor might not otherwise have access or that would require a significantly higher minimum investment by Clients.

Schwab also makes available to the Advisor products and services that benefit the Advisor but may not directly benefit the Client or the Client’s account. These products and services assist the Advisor in managing and administering Client accounts. They include investment research, both Schwab’s own and that of third parties. TPA may use this research to service all or some substantial number of Client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to Client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple Client accounts;

- provide pricing and other market data;
- facilitate payment of our fees from our Clients' accounts; and
- assist with back-office functions, recordkeeping, and Client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Advisor. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide the Advisor with other benefits such as occasional business entertainment of Advisor personnel.

#### Institutional Intelligent Portfolios ® Platform

As part of the continuing engagement with Schwab, the Advisor does not pay fees for to utilize IIP.

In deciding to recommend Pershing, TPA considers the following:

TPA has established an institutional relationship with Pershing to assist the Advisor in managing Client account[s]. Access to the Pershing platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Pershing. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from Pershing creates a conflict of interest since these benefits may influence the Advisor's recommendation of Pershing over one that does not furnish similar software, systems support, or services.

TPA will periodically review its arrangements with the Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its Clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into

consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for Client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

As described above, Schwab and Pershing provide to TPA, without cost, research and trade execution services. Schwab and Pershing make these services available to similarly situated investment advisers whose Clients custody their assets with Schwab and Pershing. Access to research and trade execution services is not predicated on the execution of Client securities transactions (e.g., not "soft dollars.") TPA has not entered into any formal "soft dollar" arrangements with broker-dealers.

TPA's Clients may utilize qualified custodians other than Schwab or Pershing for certain accounts and assets, particularly where Clients have a previous relationship with such qualified custodians.

## Brokerage for Client Referrals

TPA does not receive any compensation from any third party in connection with the recommendation for establishing an account.

## Client-Directed Brokerage

Generally, in the absence of specific instructions to the contrary, for brokerage accounts that Clients engage TPA to manage on a discretionary basis, TPA has full discretion with respect to securities transactions placed in the accounts. This discretion includes the authority, without prior notice to the Client, to buy and sell securities for the Client's account and establish and affect securities transactions through the Custodian of the Client's account or other broker-dealers selected by TPA. In selecting a broker-dealer to execute a Client's securities transactions, TPA seeks prompt execution of orders at favorable prices.

A Client, however, may instruct TPA to custody his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific broker-dealer.

In directing brokerage transactions, a Client should consider whether the commission expenses, execution, clearance, settlement capabilities, and Custodian fees, if any, are comparable to those that would result if TPA exercised its discretion in selecting the broker-dealer to execute the transactions. Directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage Client:

- TPA's ability to negotiate commission rates and other terms on behalf of such Clients could be impaired;
- such Clients could be denied the benefit of TPA's experience in selecting broker-dealers that are able to efficiently execute difficult trades;
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the Client's orders with orders for other Clients could be limited; and
- the Client could receive less favorable prices on securities transactions because TPA may place transaction orders for directed brokerage Clients after placing batched transaction orders for other Clients.

In addition to accounts managed by TPA on a discretionary basis where the Client has directed the brokerage of his/her account[s], certain institutional accounts may be managed by TPA on a non-discretionary basis and are held at custodians selected by the institutional Client. The decision to use a particular custodian and/or broker-dealer generally resides with the institutional Client. TPA endeavors to understand the trading and execution capabilities of any such custodian

and/or broker-dealer, as well as its costs and fees. TPA may assist the institutional Client in facilitating trading and other instructions to the custodian and/or broker-dealer in carrying out TPA's investment recommendations.

### Trade Errors

TPA's goal is to execute trades seamlessly and in the best interests of the Client. In the event a trade error occurs, TPA endeavors to identify the error in a timely manner, correct the error so that the Client's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action[s] might be necessary to prevent a recurrence of similar errors in the future.

Trade errors generally are corrected through the use of a "trade error" account or similar account at Schwab, or another broker-dealer, as the case may be. In the event an error is made in a Client account custodied elsewhere, TPA works directly with the broker in question to take corrective action. In all cases, TPA will take the appropriate measures to return the Client's account to its intended position.

## **B. Trade Aggregation**

Client accounts are managed on an individual basis. TPA therefore generally does not aggregate Client trades. To the extent that the Advisor determines to aggregate Client orders for the purchase or sale of securities, including securities in which the Advisor's Supervised Persons may invest, the Advisor will generally do so in a fair equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Advisor. At no time will TPA engage in cross or principal transactions.

## **Item 13 – Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

TPA monitors investment advisory portfolios as part of a continuous and ongoing process. Client advisors review the accounts they manage on behalf of Clients at least quarterly. These reviews may include the following:

- compare the account's allocation with stated goals;
- review holdings and consider alternatives;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;

- analyze an account's composition and performance, income, appreciation, gains/losses, and asset allocation; and
- assess its performance.

Factors that may trigger an additional review, other than a periodic review, include: extraordinary events (*e.g.*, material market turbulence), economic, political events or major investment developments. Significant changes in a Client's financial situation and/or objectives and large deposits or withdrawals from the accounts may also trigger a review. Clients are encouraged to notify TPA if changes occur in the Client's personal financial situation and/or objectives that might adversely affect the Client's investment plan.

## **B. Other Reviews**

TPA may perform compliance and/or supervisory reviews of a sampling of Client accounts. These reviews may include comparing an account's strategy and/or allocation to the account's stated objectives, reviewing commission and transaction costs borne by the account, and reviewing the billing rate and charges.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each Client receives or has access to account statements from the qualified custodian of his/her account at least quarterly. In addition, the qualified custodian sends trade confirmation notices to Clients. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports, and their account activity. Client brokerage statements will include all positions, transactions, and fees relating to the Client's account[s].

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

TPA does not receive benefits from third parties, other than what is disclosed in Item 5 and Item 12 above, for providing investment advice to Clients. TPA may be indirectly compensated by an External Manager as described in Item 5 above and does not receive any other forms of compensation with such arrangements.

### **B. Compensation to non-Supervised Persons for Client Referrals**

#### **Referral Arrangements with Individuals**

Certain Clients may be referred to the Advisor by either an affiliated or unaffiliated party (herein "Promoter") and receive, directly or indirectly, compensation for the Client referral. In such instances, the Advisor will compensate the Promoter a fee in accordance with Rule 206(4)-

1 of the Advisers Act and any corresponding state securities requirements. Any such compensation shall be paid solely from the investment advisory fees earned by the Advisor, and shall not result in any additional charge to the Client.

### **Item 15 – Custody**

All Clients must utilize a “qualified custodian” as detailed in Item 12. Clients are required to engage the custodian to retain their funds and securities and direct TPA to utilize the custodian for the Client’s securities transactions. TPA’s agreement with Clients and/or the Clients’ separate agreement with the Custodian may authorize TPA through such Custodian to debit the Client’s account for the amount of TPA’s fee and to directly remit that fee to TPA in accordance with applicable custody rules.

The Custodian recommended by TPA has agreed to send a statement to the Client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to TPA. TPA encourages Clients to review the official statements provided by the custodian, and to compare such statements with investment reports received from TPA. For more information about Custodians and brokerage practices, see Item 12 – Brokerage Practices.

### **Item 16 – Investment Discretion**

Clients have the option of providing TPA with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in TPA’s Client agreement. By granting TPA investment discretion, a Client authorizes TPA to direct securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Clients may impose reasonable limitations in the form of specific constraints on any of these areas of discretion with the consent and written acknowledgement of TPA. See also Item 4.C., *Client-Tailored Advisory Services*.

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

TPA does not accept the authority to and does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in Client portfolios.

### **Item 18 – Financial Information**

#### **A. Balance Sheet**

TPA does not require prepayment of more than \$1,200 in fees per Client, six months or more in advance, and therefore does not need to include a balance sheet with this Disclosure Brochure.



**B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither TPA nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to Clients.

**C. Bankruptcy Petitions in Previous Years**

TPA has not been the subject of a bankruptcy petition.