

Introduction

This is the Customer Relationship Summary (CRS) for Swarthmore Asset Management, Ltd. The date of this CRS is January 24, 2024.

Relationships and Services

Swarthmore Asset Management (“Swarthmore”) is a registered investment advisor that provides investment advice with respect to investments in foreign and domestic stocks; mutual funds; exchange traded funds; corporate bonds (investment grade and non-investment grade); U.S. government bonds, notes and bills; municipal bonds; money market funds; and stock options. We operate with discretionary authority to manage securities accounts on behalf of clients. In order to grant us discretionary authority, clients execute a limited power of attorney. Clients may provide specific investment instructions and limitations in writing. We tailor our advisory services to the individual needs of each client, based on their investment objectives, resources and risk tolerance. We generally do not accept new accounts under \$500,000. We review accounts on at least a monthly basis to determine whether securities in the account conform to the achievement of the goals of the client as described by the client to us.

In general, we follow a “value” investment strategy. When we invest client funds in individual company stocks, we examine the company’s earnings history and balance sheet. We also look at analysts’ projections for future earnings. When we invest client funds in individual municipal or corporate bonds, we examine the company or municipality’s financial statements. We look at the bond’s ratings. We also look at the duration of the bond, its interest rate, and any provisions which permit or require the company or municipality to buy back the bonds from our client at a fixed price. When a widely diversified mutual fund or exchange traded fund would be suitable for a client’s portfolio, we examine the type of stocks and/or bonds it contains and the management fees charged by the fund company to try where practicable to economize on the total costs for our client.

In addition to purchasing individual stocks and bonds for our clients, we sometimes sell call options on stocks in client accounts. We use this “Buy/Write” strategy only in cases where the client grants us permission to do so.

Clients should understand that investing in mutual funds, stocks and bonds involves risk of loss that they should be prepared to bear. Investing in individual stocks or bonds involves the risk of partial or total loss on each such security. The risk of total loss is generally lower with investments in broadly diversified mutual funds or exchange traded funds. But even these investments involve the risk of substantial losses. In cases where we sell call options against a client’s stock, there is the risk of loss if the stock price falls below the net price we paid for the stock less the amount we received from the sale of the call options. And, in such cases, if the stock price rises above the price at which the buyer of the call option has the right to purchase such stock, our client may miss out on potential gains.

Fees, Costs, Conflicts and Standard of Conduct

We are compensated based on a percentage of the client's assets we manage and, in certain cases, an additional fixed fee. We have a minimum annual fee of \$5,000. Our annual fee is 1% of the value of the account, measured quarterly. Where we have waived the minimum annual fee, we generally charge more than 1% per year. The annual fee for court appointed guardianship accounts and trusts is above 1% for accounts under \$7 million. Our fees are generally not negotiable. Clients who are members of the immediate families of Swarthmore employees may pay less than 1% on an annual basis, as does the minor child of one existing client, one legacy client, and one client with over \$10 million in assets under management. Clients are billed in advance for one quarter of the annual fee at the start of each quarter. This amount is prorated if an account is opened during a quarter or if new funds or securities are deposited in the account during a quarter.

Clients whose assets are invested in mutual funds, exchange traded funds and/or money market funds in effect pay an investment management fee to the mutual fund, exchange traded fund and/or money market fund investment advisor, in addition to the investment management fee paid to Swarthmore. In certain instances, clients incur brokerage and other transaction costs when securities are purchased or sold. These costs are not paid to Swarthmore.

We sometimes invest in the same stocks, bonds and mutual funds that we recommend to clients. There is a potential conflict of interest. The amount of such securities available might be limited. But, since we do not purchase securities from initial public offerings, and do purchase stocks traded on the major exchanges, the potential conflict is minimal in the case of stocks and mutual funds. We sometimes buy or sell the same securities at or about the same time that we buy or sell such securities for client accounts. We do not buy when we are selling for clients, nor do we sell when we are buying for clients. The potential conflict of interest is that we could favor ourselves by putting our own purchase or sale orders ahead of client orders. We address this conflict by ensuring that buy or sell orders for our own accounts are not executed unless and until orders are executed for the clients.

We adopted a Code of Ethics, which we will provide clients upon request. This Code requires our employees to comply with applicable regulations and to conduct themselves with openness, integrity and honesty. We do not recommend to clients, or buy or sell for client accounts, any securities in which we or any related party has a material financial interest.

Disciplinary History

Since our founding in 1992, neither Swarthmore nor Mr. Levin has been involved in any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management, including: criminal or civil actions in a domestic, foreign or military court; administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority; and self-regulatory organization proceedings.

Additional Information

Please contact us at 212-741-2300 if you have any questions or require additional information.