



## **D. B. Root & Company, LLC**

*A Registered Investment Adviser*

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

This brochure provides information about the qualifications and business practices of D. B. Root & Company, LLC (hereinafter "D.B. Root & Company" or "DBR"). If you have any questions about the contents of this brochure, contact DBR at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about DBR is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). DBR is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2 Summary of Material Changes**

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

Since the filing of our last annual updating amendment, dated March 10, 2023, we have no material changes to report.

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## **Item 4 Advisory Business**

DBR offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with DBR setting forth the relevant terms and conditions of the advisory relationship (the "Account Agreement").

DBR was registered as an investment adviser in September 2015 and is owned principally by David Root. Mr. Root has served as an investment advisor representative of the predecessor firm to D.B. Root & Company since 1994. DBR also provides advisory services under the following business names: DBR & Co., DBR Fiduciary Plan Solutions, DBR Next and DBR & Co. Wealth Partners.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Assets Under Management**

As of December 31, 2023, DBR had approximately \$713,529,776 in assets under management, all of which was managed on a discretionary basis. DBR had \$8,505,557,596 of assets under advisement as of December 31, 2023.

While this brochure generally describes the business of DBR, certain sections also discuss the activities of its Supervised Persons, which refer to DBR's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on DBR's behalf and is subject to DBR's supervision or control.

## **Financial Planning and Consulting Services**

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DBR offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Fiduciary Advisory Services
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, DBR is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. DBR may recommend that clients engage DBR for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage DBR or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by DBR under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify DBR of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising DBR's recommendations and/or services.

## **Investment and Wealth Management Services**

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DBR manages client investment portfolios on a discretionary basis. In addition, DBR may provide clients with wealth management services which include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

DBR primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent investment managers ("Managers") in accordance with their stated investment objectives.

Where appropriate, DBR may also provide advice about any type of legacy position or other investment held in client portfolios. Clients can engage DBR to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, DBR 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.

DBR tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. DBR consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify DBR if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if DBR determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to DBR's management efforts.

## **Held Away Assets**

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We use a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no 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, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

## **Use of Managers**

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As mentioned above, DBR may select certain Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages a Manager may be set forth in a separate written agreement with the designated Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Managers engaged to manage their assets.

DBR evaluates a variety of information about Managers, which includes the Managers' public disclosure documents, materials supplied by the Managers themselves and other third-party analyses it believes are reputable. To the extent possible, DBR seeks to assess the Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. DBR also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

DBR continues to provide services relative to the discretionary selection of the Managers. On an ongoing basis, DBR monitors the performance of those accounts being managed by Managers. DBR seeks to ensure the Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **Investment Consulting Services**

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DBR also provides a variety of investment consulting services to third parties, including other investment advisory firms. When providing such services, DBR has no obligation to implement its investment recommendations and clients are free to accept or reject such recommendations.

## Retirement Plan Services

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DBR offers a wide range of discretionary and non-discretionary retirement plan services, including nondiscretionary retirement plan consulting services, to employer-sponsored retirement plans ("Plans") and their participants.

### **Discretionary Investment Advisory Services**

When providing these services, DBR will exercise full discretionary authority over assets of the Plan, in the same the manner that it exercises investment discretion over non-retirement plan accounts. If the Plan is covered by the Employee Retirement Income Security Act of 1974 ("ERISA"), DBR will perform these investment advisory services to the Plan as a "fiduciary" under ERISA Section 3(38).

### **Non-Discretionary Investment Advisory Services**

These services are designed to allow the employer or plan sponsor ("sponsor") to retain full discretionary authority or control over assets of the Plan. DBR will make investment recommendations to the Plan Sponsor, but it will not exercise investment discretion over those assets. If the Plan is covered by ERISA, DBR will perform these investment advisory services to the Plan as a "fiduciary" under ERISA Section 3(21).

The Sponsor may also engage DBR to perform one or more of the following non-discretionary investment advisory services:

#### **Investment Policy Statement ("IPS")**

DBR will review with the Sponsor the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, DBR will provide recommendations to the Sponsor to assist with establishing an IPS. If the Plan has an existing IPS, DBR will review it for consistency with the Plan's objectives. If the IPS does not represent the objectives of the Plan, DBR will recommend revisions to align the IPS with the Plan's objectives.

Advice Regarding Designated Investment Alternatives ("DIAs") Based on the Plan's IPS or other guidelines established by the Plan, DBR will review the investment options available to the Plan and will make recommendations to assist the Sponsor with selecting DIAs to be offered to Plan participants. Once the Sponsor selects the DIAs, DBR will, periodically and/or upon reasonable request, provide reports and information to assist the Sponsor with monitoring the DIAs. If a DIA is required to be removed, DBR will provide recommendations to assist the Sponsor with replacing the DIA.

#### **Advice Regarding Designated Investment Alternatives ("DIAs")**

Based on the Plan's IPS or other guidelines established by the Plan, DBR will review the investment options available to the Plan and will make recommendations to assist the Sponsor with selecting DIAs to be offered to Plan participants. Once the Sponsor selects the DIAs, DBR will, periodically and/or upon reasonable request, provide reports and information to assist the Sponsor with monitoring the DIAs. If a DIA is required to be removed, DBR will provide recommendations to assist the Sponsor with replacing the DIA.

#### **Advice Regarding Model Asset Allocation Portfolios ("Models")**

Based on the Plan's IPS or other guidelines established by the Plan, DBR will make recommendations to assist the Sponsor with creating risk-based investment strategies or models comprised solely among the Plan's DIAs. Once the Sponsor approves the models,

the Advisor will provide reports, information and recommendations, on a periodic basis, designed to assist the Sponsor with monitoring the models. Upon reasonable request, and depending upon the capabilities of the recordkeeper, DBR will make recommendations to the Sponsor to reallocate and/or rebalance the models to maintain their desired allocations.

#### **Advice Regarding Third-Party Advisors and/or Managers**

Based on the Plan's IPS or other investment guidelines established by the Plan, DBR will review the Manager(s) available to the Plan and will make recommendations to assist the Sponsor with selecting a Manager to manage some or all of the Plan's investments. Once the Sponsor approves a Manager, DBR will provide reports, information and recommendations, on a periodic basis, designed to assist the Sponsor with monitoring the Managers. If the IPS criteria require any manager to be removed, DBR will provide recommendations to assist the Sponsor with evaluating replacement Managers.

#### **Advice Regarding Qualified Default Investment Alternatives ("QDIA(s)")**

Based on the Plan's IPS or other guidelines established by the Plan, DBR will review the investment options available to the Plan and will make recommendations to assist the Sponsor with selecting or replacing the Plan's QDIA(s).

#### **Participant Investment Advice**

DBR will meet with Plan participants, upon reasonable request, to collect information necessary to identify the participant's investment objectives, risk tolerance, time horizon, etc. DBR will provide written recommendations to assist the participant with creating a portfolio using the Plan's DIAs or models, if available. The participant retains sole discretion over the investment of their account.

#### **Retirement Plan Consulting Services**

Retirement Plan Consulting Services assist the Sponsor in meeting its fiduciary duties to administer the Plan in the best interests of Plan participants and their beneficiaries. Retirement Plan Consulting Services are performed so that they would not be considered "investment advice" under ERISA and, consequently, DBR is not acting as a fiduciary under ERISA. The Sponsor may elect any of the following services:

##### **Administrative Support**

- Assist the Sponsor in reviewing objectives and options available through the Plan
- Review Plan Committee structure and administrative policies/procedures
- Recommend participant education and communication policies
- Provide articles for inclusion in the Sponsor's newsletter
- Assist with development/maintenance of fiduciary audit file and document retention policies
- Deliver fiduciary training and/or education periodically or upon reasonable request
- Assist with coordinating participant disclosures
- Recommend procedures for responding to participant requests



**Service Provider Support**

- Confirm whether Covered Service Provider ("CSP") reporting systems can account for investment fee levelization
- Assist Plan fiduciaries with a process to select, monitor and replace service providers
- Assist Plan fiduciaries with review of CSPs and fee benchmarking
- Provide reports and/or information designed to assist Plan fiduciaries with monitoring CSPs
- Assist with use of ERISA Spending Accounts or Plan Expense Recapture Accounts to pay CSPs
- Assist with preparation and review of Requests for Proposals and/or Information
- Coordinate and assist with CSP replacement and conversion

**Investment Monitoring Support**

- Periodic review of investment policy in the context of Plan objectives
- Assist the Plan investment committee with monitoring investment performance
- Assist with monitoring any of the Managers
- Educate Plan investment committee members, as needed, regarding replacement of DIAs and/or QDIA(s)

**Participant Services**

- Facilitate group enrollment meetings and coordinate investment education
- Assist Plan participants with financial wellness education, retirement planning and/or gap analysis

**Additional Retirement Services Provided Outside of the Agreement**

In providing Retirement Plan Services, DBR may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation:

- as a result of a decision by the participant or beneficiary to purchase services from DBR not involving the use of Plan assets;
- as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relating to assets held outside of the plan; or
- through a rollover of an Individual Retirement Account ("IRA Rollover").

If DBR is providing Retirement Plan Services to a plan, it may, when requested by a Plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement. If a Plan participant or beneficiary desires to affect an IRA Rollover from the plan to an account advised or managed by DBR, DBR may have a conflict of interest if its fees are reasonably expected to be higher than those paid to the Plan in connection with the Retirement Plan Services. DBR will complete the Intake Form for IRA Rollovers, Transfers and Distributions and disclose all applicable fees and other material changes prior to opening an IRA account, but any decision to affect the rollover or about what to do with the rollover assets remain that of the participant or beneficiary alone.

In providing these optional services, DBR may offer employers and employees information on other financial and retirement products or services which it offers.

## **Item 5 Fees and Compensation**

DBR offers services on a fee basis, which includes fixed fees, fees based upon assets under management or advisement. Additionally, certain of DBR's Supervised Persons, in their individual capacities, offer securities brokerage services and/or insurance products under a separate commission-based arrangement. DBR earns commissions through the sales of insurance products.

### **Financial Planning and Consulting Fees**

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DBR generally charges a fixed fee for providing financial planning and consulting services under a standalone engagement. These fees are negotiable, but generally range from \$500 to \$10,000, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages DBR for additional investment advisory services, DBR may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Account Agreement, and DBR generally requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Account Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. DBR does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

### **Investment Management and Wealth Management Fees**

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DBR offers investment management services for an annual fee based on the amount of assets under DBR's management. This management fee generally varies between 50 and 200 basis points per annum (0.50% – 2.00%), depending upon the size and composition of a client's portfolio and the type of services rendered.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by DBR on the last day of the previous billing period. If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the Account Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services DBR provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), DBR may negotiate a fee rate that differs from the range set forth above.

### **Investment Consulting Fees**

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DBR offers investment consulting services for an individually-negotiated fee between DBR and the client which may be based on, among other things, the scope of services provided, and the time spent on the engagement.

## Retirement Plan Service Fees

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Fees for the Retirement Plan Services are as follows:

<b><u>Fee Type</u></b>	<b><u>Fee Range</u></b>
Assets Under Management	0.20% to 1.00%
Flat Fee	Negotiable
Project Fee	Negotiable

Depending upon the capabilities and requirements of the Plan's recordkeeper or custodian, DBR may collect its fees in arrears or in advance. Typically, Sponsors instruct the Plan's recordkeeper or custodian to automatically deduct DBR's fees from Plan assets; a Sponsor may also request that DBR send invoices directly to the Sponsor or recordkeeper/custodian. In some cases, a Sponsor may elect some combination of the two.

In determining the value of the Account for purposes of calculating any asset-based fees, DBR will rely upon the valuation of assets provided by the Plan's custodian or recordkeeper without independent verification. If, however, there are circumstances which, in DBR's judgment, render the custodian's valuation inappropriate, DBR will value securities in a manner determined in good faith by DBR to reflect fair market value. In all events, any such valuation will not be any guarantee of the market value of any of the assets in the Plan.

Unless otherwise agreed, no adjustments or refunds will be made in respect of any period for (i) appreciation or depreciation in the value of the Plan account during that period or (ii) any partial withdrawal of assets from the account during that period. If the Agreement is terminated, DBR will refund certain Fees to Sponsor to the extent provided in the Account Agreement. All fees shall be based on the total value of the assets in the account without regard to any debit balance.

Various vendors, product providers, distributors and others may provide non-monetary compensation by paying some expenses related to training and education, including travel expenses. DBR may receive payments to subsidize its own training programs. Certain vendors may invite Supervised Persons to participate in conferences or on-line training sessions or provide publications that may further their skills and knowledge. Some may occasionally provide representatives of DBR with gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.

No increase in the Fees will be effective without prior written notice.

## Fee Discretion

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DBR may, in its sole discretion, negotiate a greater or lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

## Minimum Account Requirements

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DBR does not impose a stated minimum fee for starting and maintaining an investment management relationship; DBR does, however, impose a minimum fee requirement of \$600 for Retirement Plan Consulting Services. Certain Managers may, however, impose more restrictive account requirements

and billing practices than DBR. In these instances, DBR may alter its corresponding account requirements and/or billing practices to accommodate those of the Managers. DBR's management programs have a stated minimum account balance of \$1 Million, with the exception of the DBR NEXT Program. We have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to DBR, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. DBR's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

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Clients generally provide DBR and/or certain Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which DBR retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to DBR and the Managers.

### **Use of Margin**

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In certain circumstances, DBR is authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed net of margin such that the market value of the client's account and corresponding fee payable by the client to DBR will not be increased. Likewise, the fee payable for any retirement plan account (if based on assets under management) will be assessed net of any loans to plan participants.

### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to DBR's right to terminate an account. Additions may be in cash or securities provided that DBR reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients can withdraw account assets on notice to DBR, subject to the usual and customary securities settlement procedures. However, DBR designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. DBR consults with its clients about the options and implications of transferring securities when appropriate. 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.

## **Commissions and Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with DBR (but not DBR directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with DBR.

Under this arrangement, DBR's Supervised Persons, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. Supervised Persons are entitled to a portion of the brokerage commissions paid to PKS, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Prior to effecting any transactions, clients are required to enter into a separate account agreement with PKS. A conflict of interest exists to the extent that a Supervised Person of DBR recommends the purchase or sale of securities through a brokerage relationship where that Supervised Person receives commissions or other additional compensation as a result of that recommendation (the "Brokerage Relationship"). DBR has procedures in place to ensure that any recommendations made by such Supervised Persons to engage in the Brokerage Relationship are in the best interest of that client. Because the Supervised Persons may receive compensation in connection with the sale of mutual funds in the Brokerage Relationship, a conflict of interest exists as such Supervised Persons have an incentive to recommend more expensive mutual fund share classes to clients where such Supervised Persons earn more compensation with respect to the sale of such mutual fund share classes. Clients should understand that the investments made in the Brokerage Relationship are not receiving advisory services from DBR. Therefore, DBR does not have a fiduciary duty over the Brokerage Relationship recommendations. For certain accounts covered by ERISA and such others that DBR, in its sole discretion, deems appropriate, DBR may provide its investment advisory services on a fee-offset basis. In this scenario, DBR may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by DBR's Supervised Persons in their individual capacities as registered representatives of PKS.

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

DBR does not provide advisory services to clients for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7 Types of Clients**

DBR offers services to individuals, pension and profit-sharing plans (including defined benefit plans, defined contribution plans and other plans not subject to ERISA), trusts, estates, charitable organizations, investment advisers, insurance firms, corporations and business entities.

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

### **Investment Strategies**

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As previously noted, DBR manages client assets on a discretionary and non-discretionary basis. DBR primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and Managers in accordance with their stated investment objectives.

DBR tailors its advisory services to the individual needs of clients. In doing so, DBR consults with clients initially and on an ongoing basis to develop an understanding of their risk tolerance, time horizon and other factors that may impact the clients' investment needs.

## **Methods of Analysis**

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DBR's primary methods of analysis are fundamental, technical and cyclical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. DBR will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that DBR will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that DBR is recommending. The risks with cyclical analysis are similar to those of technical analysis.

## **Risk of Loss**

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### **Market Risks**

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of DBR's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that DBR will be able to predict those price movements accurately or capitalize on any such assumptions.

### **Volatility Risks**

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

### **Cash Management Risks**

DBR may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

### **Equity-Related Securities and Instruments**

DBR may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer

and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and foreign stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

### **Fixed Income Securities**

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

### **Mutual Funds and ETFs**

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### **Use of Managers**

As stated above, DBR may select certain Managers to manage a portion of its clients' assets. In these situations, DBR continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Managers' ability to successfully implement their investment strategies. In addition, DBR generally may not have the ability to supervise the Managers on a day-to-day basis.

## **Item 9 Disciplinary Information**

DBR has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Registered Representatives of a Broker/Dealer**

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Certain of DBR's Supervised Persons are registered representatives of PKS and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Licensed Insurance Agents**

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Certain of DBR's Supervised Persons are also licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that DBR recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. DBR has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations. Additionally, DBR earns commissions through the sales of insurance products.

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

DBR has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. The Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by DBR or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of DBR's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, DBR's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with DBR's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When DBR is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.



These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients and prospective clients can contact DBR to request a copy of its Code of Ethics.

## **Item 12 Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

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DBR recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services™ ("Schwab") for investment management accounts. Factors which DBR considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables DBR to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions. With respect to retirement plans, DBR may recommend that a plan use a certain retirement plan platform or service provider, such as a recordkeeper, administrator or broker-dealer (other than Schwab), based upon the particular needs of that plan.

The commissions paid by DBR's clients to Schwab comply with DBR's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where DBR determines that the commissions are reasonable in relation to the value of the brokerage and research services received. 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. DBR seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom DBR and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions can be directed to certain broker/dealers in return for investment research products and/or services which assist DBR in its investment decision-making process. Such research generally will be used to service all of DBR's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because DBR does not have to produce or pay for the products or services.

DBR periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

## Software and Support Provided by Financial Institutions

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Schwab provides DBR and its clients with access to its institutional brokerage, trading, custody, reporting and related services. Schwab also makes available various support services. Some of those services help DBR manage or administer its clients' accounts while others help DBR manage its business. Schwab's support services are generally available on an unsolicited basis and at no charge to DBR as long as DBR keeps a total of at least \$300 million of its clients' assets in accounts at Schwab. If DBR has less than \$300 million in client assets at Schwab, Schwab may discontinue offering such support services. Here is a more detailed description of Schwab's support services:

### **Services that Benefit DBR's Clients**

Schwab's institutional brokerage services 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 DBR might not otherwise have access or that would require a significantly higher minimum initial investment by DBR's clients. Schwab's services described in this paragraph broadly benefit clients and their accounts.

### **Services that May Not Directly Benefit DBR's Clients**

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

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only DBR**

Schwab also offers other services intended to help DBR manage and further develop its 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 DBR. 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 DBR with other benefits such as occasional business entertainment of DBR's personnel.

## **DBR's Interest in Schwab's Services**

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The availability of certain of these services from Schwab benefits DBR because DBR does not have to produce or purchase them. DBR does not have to pay for Schwab's services so long as it keeps a total of at least \$300 million of client assets in accounts at Schwab. Beyond that, these services are not

contingent upon DBR committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$300 million minimum gives DBR an incentive to recommend that clients maintain accounts with Schwab based on DBR's interest in receiving Schwab's services that benefit its business rather than based client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. DBR believes, however, that its selection of Schwab as custodian and broker is in the best interests of its clients. This determination is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only DBR.

All services and benefits provided by Schwab and other Financial Institutions in connection with or relating to retirement plans are disclosed to Plan Sponsors in accordance with applicable ERISA requirements.

### **Brokerage for Client Referrals**

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DBR does not consider, in selecting or recommending broker/dealers, whether DBR receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may direct DBR to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and DBR will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by DBR (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, DBR may decline a client's request to direct brokerage if, in DBR's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of PKS. These Supervised Persons are subject to FINRA rules which restrict registered representatives from conducting securities transactions away from their broker-dealer unless PKS provides written consent. Therefore, clients are advised that certain Supervised Persons are restricted to conducting securities transactions through PKS if they have not secured written consent from PKS to execute securities transactions through a different broker-dealer. Absent such written consent or separation from PKS, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than PKS under its internal supervisory policies. DBR is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Trade Aggregation**

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Transactions for each client generally will be effected independently, unless DBR decides to purchase or sell the same securities for several clients at approximately the same time. DBR may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable

commission rates or to allocate equitably among DBR's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among DBR's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that DBR determines to aggregate client orders for the purchase or sale of securities, including securities in which DBR's Supervised Persons may invest, DBR does so in accordance with applicable law and the rules and guidance provided by the SEC. DBR does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that DBR determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares are allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations are given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares are reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations are given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, DBR excludes the account(s) from the allocation; the transactions are executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares are allocated to one or more accounts on a random basis.

## **Item 13 Review of Accounts**

### **Account Reviews**

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DBR monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted at least annually; account reviews for retirement plan accounts are conducted at least semiannually or, in each case, more frequently upon request by the client or as market conditions warrant. Such reviews are conducted by DBR's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with DBR and to keep DBR informed of any changes thereto.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time to time or as otherwise requested, clients may also receive written or electronic reports from DBR and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from DBR or an outside service provider.

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

As disclosed under the *Fees and Compensation* Section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Purshe Kaplan Sterling Investments ("PKS"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* Section.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

DBR's Agreement and/or the separate agreement with any Financial Institution generally authorize DBR to debit client accounts for payment of DBR's fees and to directly remit those funds to DBR in accordance with applicable custody rules. Schwab, which acts as the qualified custodian for substantially all (non-retirement plan) client accounts, and which has been authorized to directly debit advisory fees, has agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to DBR.

With respect to retirement plan accounts, the Sponsor is responsible for selecting the Financial Institution to serve as custodian for Plan assets. DBR may assist the Sponsor in making that selection, but the resulting custodial arrangement is solely between that Financial Institution and the Sponsor. The custodians selected by each Sponsor have agreed to send statements to clients not less than quarterly detailing all retirement plan account transactions, including any amounts paid to DBR.

## **Item 16 Investment Discretion**

DBR has authority to exercise discretion with respect to assets in client accounts, including, upon a Sponsor's request, those assets in certain retirement plan clients. DBR is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. DBR is given this authority under the Account Agreement. Clients can request a limitation on this authority (such as certain securities not to be bought or sold).

DBR takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Managers to be hired or fired.

## **Item 17 Voting Client Securities**

### **Declination of Proxy Voting Authority**

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DBR does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact DBR at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18 Financial Information**

DBR is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.