



## Brochure

March 22, 2024

CALLAN FAMILY OFFICE, LLC  
a Registered Investment Adviser

201 King of Prussia Road, Suite 650  
Radnor, PA 19087  
(877) 506-7990

[www.callanfamilyoffice.com](http://www.callanfamilyoffice.com)

## **Item 2. Material Changes**

In this Item, Callan Family Office is required to discuss any material changes that have been made to the brochure since the last annual amendment. The Firm has updated Item 4 to reflect changes in the ownership of the company and the assets under management. In addition, the Firm has expanded the Financial Administration practice with a dedicated team that can assist in bill pay, cash flow planning and create financial statements for families and family owned businesses. Further, the Firm's Advisory and Consulting Practice has expanded to include a focus around philanthropic, family governance and education programs for individual clients, their families, foundations and endowments. The Firm updated Item 8 to better reflect the enhancements that have been made to the methods of analysis, and investment strategy along with the Firm's relationship with Callan LLC. Furthermore, Item 14 was updated to reflect that Callan Family Office can compensate firms or individuals for referrals or endorsement. Finally, Item 17 was updated to disclose that the Firm votes proxies on behalf of clients. Other changes that were made are primarily grammatical and formatting and not material.

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## **Item 4. Advisory Business**

### **A. Introduction**

Callan Family Office offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Callan Family Office rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Callan Family Office setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”). While this brochure generally describes the business of Callan Family Office, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Callan Family Office’s behalf and are subject to the Firm’s supervision or control. Callan Family Office filed for registration as an investment adviser in December 2021 and is owned by Plectrum LLC, DCH Capital Management LLC, Toxaway LLC, Blue Wolf Ventures LLC, Laker Capital LLC, Ram Private Holdings LLC, JAWS Capital I LLC, Yellow Springs LLC, BOPL LLC, WTNGrace Holdings, LLC, Fleetwood d’Elegance LLC, Jcubed3 LLC, Magevney Capital LLC, Windy Knoll LLC, Wondra Investments LLC, Taughannock LLC, Tavyke Farms LLC, Wooded Acres LLC Mark Frazier, Tom Raymond, Ronald Lennie Bell, Amy Jucoski and Jeremy Rice. As of December 31, 2023, Callan Family Office has \$4,767,784,116 in assets under management; \$4,121,006,927 of which was managed on a discretionary basis and \$646,777,189 of which was managed on a non-discretionary basis.

### **B. Investment and Wealth Management Services**

Callan Family Office manages client investment portfolios on a discretionary and non-discretionary basis. In addition, Callan Family Office provides most clients with wealth management services which include a broad range of financial planning and consulting services.

Callan Family Office primarily allocates client assets among various third-party independent managers (also called separate account managers, model managers, and, herein, “Independent Managers”), use of direct indexing capabilities, and privately placed securities (including debt, equity, real assets, and/or interests in pooled investment vehicles) in accordance with their stated investment objectives. While in most cases the Independent Managers will recommend individual debt and equity securities (among other investments including mutual funds and exchange-traded funds (“ETFs”)), the Firm will also directly manage such investments in certain circumstances.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

Callan Family Office 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. Callan Family Office 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 Callan Family Office 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 Callan Family Office determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **C. Financial Planning and Advisory and Consulting Services**

Callan Family Office offers family office services which include financial planning, financial administration, bill pay, historical performance reporting, data aggregation, document safe-keeping and exchange, philanthropic consulting, and family governance and education. The Firm provides these services to families as a complement to their investment services. These consultative services and financial education are principally being used for successor generations. Callan Family Office's financial administration services team can assist clients in collecting, storing and processing bill payments as needed, as well as aggregate personal and business data into financial statements to track and report on assets, liabilities, equity, and cash flows, at a detailed level. Data aggregation provides an administrative accounting of all assets held by clients irrespective of whether they are managed by Callan Family Office or by another provider.

Callan Family Office's Advisory and Consulting Practice revolves around the Firm's philanthropic, family governance and education programs for individual clients, their families, foundations and endowments. In addition to the advice and consulting around client specific topics, best practices, and thought leadership, the Firm offers seven (7) programs to support families in achieving their charitable and legacy goals. The Firm believes that a well-crafted, meaningful family road map reflective of family values, strengths, and priorities can successfully live on for multiple generations.

In performing these services, Callan Family Office 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. Callan Family Office recommends certain clients engage the Firm for additional related services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Callan Family Office or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Callan Family Office under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Callan Family Office's recommendations and/or services.

### **D. Use of Independent Managers**

Callan Family Office provides investment management services through a variety of products and investment vehicles. These include but are not limited to separately managed accounts, model managed accounts, mutual funds, ETFs and other pooled or collectively managed funds. As mentioned above, Callan Family Office selects certain Independent Managers to actively manage a portion of its clients' assets on either a discretionary or non-discretionary basis. The specific terms

and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. That agreement can be between the Firm and the Independent Manager (often called a subadvisor), the Firm and an Independent Manager delivering a model portfolio on a non-discretionary basis (often called model delivery), or the client and the Independent Manager. In addition to this brochure, clients can also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets on request.

#### *Model Delivery*

For certain investments, Callan FO may utilize a third-party investment manager's model portfolio ("Model") to deliver and implement an Independent Manager, Research Provider, or Sub-Adviser's strategy. Callan FO may utilize a manager's Model when Callan FO believes that value can be added in terms of lowering overall investment and trading expenses, increasing tax-efficiency of the strategy, or enabling customization and personalization of the strategy, as well as in cases when the manager only offers its strategy through Model Delivery. In implementing a Model, Callan FO will use its discretion to determine the timing and manner of such implementation, and, if appropriate, will take other factors into consideration affecting the management of the underlying Client account. Factors such as capital gain or loss management, client preferences, and systematic tracking-error-based rebalancing may cause the client account to vary from the underlying Model. In addition, account performance and risk measures may vary from the Model and differ from a fully delegated separately managed account that does not account for these client-specific circumstances. These services may be provided directly by Callan FO or by a third-party, and fees may apply.

#### *Direct Indexing*

Passive investment allocations may be implemented in part, or in whole, through Direct Indexing. Direct Indexing involves purchasing a subset of the underlying shares of a reference index with the goal of realizing a return and volatility like the reference index while achieving one or more client-specific goals. These client goals may include tax-loss harvesting, customization of the underlying index constituents, factor or style tilts, applying security restrictions, or incorporating an investor's ESG/SRI criteria. Direct Indexing accounts do not typically own all the securities in a reference index, and therefore will experience tracking error to the underlying index returns. Performance variations could be positive or negative, and volatility could be higher or lower than the index. Factor exposures, realized tax losses, ESG/SRI criteria, and other Direct Index metrics will fluctuate based on market conditions, and outcomes will be unique to each client's situation and strategy. Direct Index strategies require ongoing trading and rebalancing to maintain alignment between the client account and the reference index, and rebalancing decisions consider one or multiple client goals or restrictions that have been specified for the Direct Index account. Direct Indexing services rely heavily on technological services which may be interrupted by unforeseen forces. These services may be provided directly by Callan FO or by a third-party, and fees may apply.

### *Overlay Services*

In some circumstances, Callan FO may employ Overlay Services to provide better coordination of investment strategies across the various sub-advisors within a client portfolio or across related portfolios in a client household. Callan FO will use its discretion to determine the extent and approach of such services with the goal to create value through actions such as wash sale avoidance, tax lot management, capital gain deferral, management of loan to value or margin levels, targeting client-specified total portfolio characteristics (i.e. yield, quality, etc.), options overlay, and management of variance of the portfolio relative to targets or benchmarks. Given the high level of customization required, these services are provided on a best-efforts basis and client acknowledges that performance and general outcomes are unique to their situation. These services may be provided directly by Callan FO or by a third-party, and fees may apply. The nature and extent of the services, including risk and liability exposure, shall be reflected in that fee.

To the extent that Callan FO provides Model Delivery, Direct Index, or Overlay Services directly to clients, the firm can charge a fee and earn additional revenue for its services. Callan FO offers these services directly to clients, as opposed to using a third-party solution, when the firm believes it can reduce overall investment expenses, increase tax-efficiency, meet client demand for personalization, provide household-level coordination of investment strategies, or provide other technology capabilities that are not readily available to clients via third-party solutions. In the provision of these services, Callan FO may have an encumbered interest to utilize a vendor for part of its offering from which there may be a perceived or real economic benefit. Callan FO acts in a fiduciary capacity in its provision of these services and all investment and wealth management services provided to clients.

## **Item 5. Fees and Compensation**

Callan Family Office offers services on a fee basis, including fixed, and fees based on assets under management.

### **A. Family Office Services and Advisory and Consulting Fees**

Callan Family Office may charge a fixed fee for providing Family Office Services and Advisory and Consulting Fees under a stand-alone engagement. These fees are negotiable, but typically range from \$50,000 to \$250,000, subjective to the scope and complexity of the services and the professional rendering the services. The fee can be for a defined project, or for ongoing services. If the client engages the Firm for additional investment advisory services, Callan Family Office can 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 Advisory Agreement. For project-based services Callan Family Office requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. Ongoing services are charged as described in the investment management section, below. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees, six or more months in advance of services rendered.

### **B. Investment and Wealth Management Fees**

Callan Family Office offers its investment management and wealth management services for an annual fee based on the amount of assets under the Firm's management. Depending upon the size and composition of a client's portfolio, the type and amount of services rendered and the individual(s) providing the services this management fee varies between 15 and 75 basis points (0.15% – 0.75%).

The annual fee is prorated and charged monthly, in arrears, based upon the market value of the assets being managed by Callan Family Office on the last day of the previous month as determined by a party independent from the Firm (including the client's custodian or another third-party, as well as the issuers of privately placed securities).

If assets are deposited into or withdrawn from an account after the start of a billing period, the fee payable with respect to such assets is not 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 advisory 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 the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Callan Family Office can negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Callan Family Office for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute authority over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

### **C. Fee Discretion**

Callan Family Office may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as but not limited to, 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, pro bono activities, or competitive purposes.

### **D. Additional Fees and Expenses**

In addition to the advisory fees paid to Callan Family Office, clients can also incur certain charges imposed by other third parties, such as broker-dealers, custodians, technology fees, trust companies, banks, and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, technology fees, fees charged by the Independent Managers, margin and other borrowing 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, trustee fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.



If Callan Family Office incurs any costs (including attorneys' fees and expenses) in responding to legal process related to the client's account, Callan Family Office may charge these costs to any account client maintains with Callan Family Office.

#### **E. Direct Fee Debit**

Clients provide Callan Family Office and/or certain Independent 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 the Firm 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 Callan Family Office.

#### **F. Use of Margin**

Clients can authorize Callan Family Office to use margin in the management of the client's investment portfolio. In these situations, the fee payable will be assessed gross of margin such that the market value of the client's account and corresponding fee payable by the client to Callan Family Office will be increased. Where investment management fees are assessed gross of margin, a conflict of interest exists as the Firm has an incentive to use margin to increase its fees.

In addition, Callan Family Office can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

#### **G. Account Additions and Withdrawals**

Clients can make additions to and withdrawals from their account at any time, subject to Callan Family Office's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Callan Family Office, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. Callan Family Office 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 fund level (e.g., re-registration fees ) and/or tax ramifications.

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

Callan Family Office does not provide any services 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**

Callan Family Office offers services to individuals, trusts, estates, charitable organizations, corporations, limited partnerships, and other business entities.

#### Minimum Account Value

As a condition for starting and maintaining an investment management relationship, Callan Family Office imposes a minimum portfolio value of \$50,000,000. Callan Family Office may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. Callan Family Office only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Callan Family Office may, in its sole discretion, aggregate the portfolios of family members to meet the minimum portfolio size.

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

Serving as the client's out-sourced chief investment officer, Callan Family Office will make asset management decisions across a global opportunity set inclusive of liquid and illiquid investments and utilizing both passive and active solutions. Discretion over these assets will vary from full authority to consultative.

In general, Callan Family Office believes value can be added by offering institutional-grade solutions and processes to their client's investment portfolio. The goal is to enhance return and/or minimize risk at each step of the investment process- summarized as follows:

- **Client Discovery & Planning**
- **Asset Allocation & Modeling**
- **Due Diligence & Research**
- **Portfolio Construction & Management**
- **Risk Management & Review**

Foundational to the Firm's approach is a reliance on fundamental analysis to evaluate the risk and reward of each asset class, fund or security held in a client's portfolio. Discounted future cash flows, relative valuations, and asset class appropriate financial metrics are among a broad array of analytics employed to consider the merits of each investment. The goal is to achieve the best total, net, real return for clients to realize their unique goals while minimizing taxes, fees, volatility, and the effects of inflation over time.

### A. Client Discovery & Planning

Callan Family Office believes that a critical first step and ongoing aspect of client engagement and effective asset management centers around client discovery and planning. An exhaustive and comprehensive dialogue with clients to clearly identify and enunciate both qualitative and

quantitative variables that thereby establishes appropriate expectations and is a necessary part of successful long-term relationships. A combination of financial planning, estate planning and investment policy review often integrates to understand the client architecture and overarching goals and objectives.

Measures of risk tolerance, liquidity preference, time horizon, taxability, restrictions, and income requirements are gathered alongside understanding client investment experience, return expectations and prior investment decisions. Taken together, they form the basis for a written investment policy statement(s) which guides the governance of the client assets and provides an investable universe and benchmarks for future comparison.

Through clear, open, and consistent communication, the Firm strives to reduce risks, educate the client, collaborate with outside advisors and family members, increase the range of opportunities, and improve the probability of successful client outcomes.

## **B. Asset Allocation & Modeling**

The Firm develops long-term Capital Market Assumptions, which serve as the key inputs for our strategic asset allocation process. These projections establish risk and return expectations for each asset class and estimate the correlations on how the different asset classes are interrelated. Efficient frontiers are generated from these assumptions that serve as the basis for a range of taxable, tax free, liquid, illiquid, and various time horizon investor profiles. Current valuations and recent market performance can affect these projections and subsequently revisited periodically, but no less than annually.

A set of Investment Objectives with progressive levels of risk (volatility) are derived from the varying efficient frontiers. Each objective will have specific asset class targets and ranges that optimize the return for a given level of risk. Throughout an investment mandate, Investment Policy Statements are established and maintained that articulate the various objectives and include strategic targets and ranges to keep the risk parameters within acceptable bounds and instill a level of portfolio management discipline.

Callan LLC and several third-party research providers provide analytical support for investment models and research content to inform our views of the current and long-term market environment including the formation of the Firm's Capital Market Assumptions. There is an intentional, holistic selection process that ensures we have balanced views across assets classes in effort to avoid any bias and a diversity of market and economic perspectives. These relationships are periodically reviewed to confirm that we are receiving thoughtful advice and add value to our investment decision-making process.

Within the Firm's long-term, strategic framework, Callan Family Office monitors market developments on a regular basis to identify emerging opportunities, risks, or trends that should be considered as part of a tactical opportunity to reposition the portfolio. All tactical positions or tilts are incorporated in our ongoing portfolio management and rebalancing program. Research to support these positions is gathered internally and externally from multiple third-party providers, which is aggregated to summarize the overall risk posture of the portfolios in the broad market.

### **C. Due Diligence and Research**

Callan Family Office employs a deep fundamental research approach to evaluating all investment opportunities regardless of how they are presented. The Firm maintains a long-term investment horizon and seek to invest our client's portfolios globally. Callan Family Office is unconstrained and open-minded in our pursuit of superior investments with favorable risk-return profiles, but, at the same time, selective in our choices. The Firm's investment professionals employ economic and market research as they serve as both Portfolio Managers and Research Analysts. The Firm constantly collects and analyzes economic and capital market data, and third-party strategy/analysis from public and private sources. Callan Family Office values diverse viewpoints amongst its sources, and its team.

Callan, LLC is the Firm's primary research partner and relies heavily on them for much of the investment offering; in addition, Callan Family Office supplements through services through several third-party research and technology providers. The Firm receives a plethora of perspectives from its investment managers, engages with industry luminaries, and continually evaluates and pursues additional value-add insight providers. Callan Family Office works with all its research partners for searches, pipeline evaluation, analysis, and monitoring. Manager and product decisions and ratings are devised through a formal process, maintained, and updated when needed by Callan Family Office.

The Firm manages customized individual securities portfolios, at client request, through a combination of quantitative and qualitative analysis. For equity mandates, the process is designed to provide Portfolio Managers with a diverse list of high-quality US large cap companies to construct a portfolio that achieves a client's strategy. Callan Family Office's coverage list is monitored for ongoing changes and renewed/approved quarterly. For fixed income mandates, the Firm works with third party managers to develop a strategy and security selection that fulfills a client's objective.

### **D. Portfolio Construction & Management**

Callan Family Office focuses on constructing investment portfolios that help clients achieve their goals and objectives. Generally, this involves an emphasis on total net returns after accounting for expenses and taxes. Typically, we employ a Core-Satellite approach in which both passive and active management strategies are utilized. Where appropriate, we will utilize technology to implement a combination of both direct indexing, model delivery, and some overlay management to affect a higher level of efficiency for client benefit. In addition, we may incorporate the use of illiquid investments to complement a client's liquid holdings and enhance a portfolio's risk and return prospects. These illiquid investments may include hedge funds and private capital investments in debt, equity, and real assets.

Callan Family Office incorporates diversification, a primary risk management technique, across, and within, each of the major asset classes of equity, fixed income, cash, real assets, and alternatives (private capital and hedge funds). Ordinarily, the Firm's core positions are broadly diversified, long-term, strategic, passive positions which are then complemented by more focused or concentrated investments (i.e., satellite) that represent higher conviction or tactical

positions. Callan Family Office believes this combination of core and satellite investments delivers an improved risk-adjusted, and more tax sensitive, return for clients over time. Reference Portfolios are developed to meld Callan Family Office's recommended investment objectives with specific investment managers that work together in a portfolio context to maximize the after- tax and/or after-fee return given a client's risk tolerance. The managers that are included in the reference portfolios serve as a guide to represent the highest conviction ideas and combination of positions that harness the performance drivers the Firm seeks for each objective.

#### **E. Risk Management & Review**

The final, recurring, part of the Firm's process is risk management and review. At the investor level, it is influenced by a broad array of circumstances and objectives that Callan Family Office strives to thoroughly understand and goes about this discovery work by examining two categories – ability and willingness to take risk.

An investor's ability to assume risk can be formulaic in that cash needs, time horizon, investment experience, illiquidity tolerance, and other similar aspects can lead to clear decisions on what asset classes are appropriate. Willingness to take risk is more subjective and often related to Investing experience and, notably, enduring more difficult market environments.

Callan Family Office's goal is an optimal match of a portfolio that considers these risk factors. Further, we know that circumstances and objectives can change and so too will an investor's profile. Discovery work is constant. Lastly, as a fiduciary under the Investment Advisers Act of 1940, Callan Family Office always embeds risk considerations into its decision-making.

Risk is multi-dimensional and often defined as a permanent loss of capital which can be brought on by selling into a distressed market. To understand this, the Firm analyzes several risk measures (such as volatility, drawdown, credit quality, lack of marketability, etc....) but also recognizes their limitations. Periodic portfolio reviews encompass performance, position analysis, along with risk metrics, such as standard deviation. These reviews occur routinely and with client participation. Performance is most often measured against a portfolio-level benchmark and/or client specific goals. Performance of the portfolio is considered both in terms of return and the risks incurred to achieve the results.

Stated Investment Objectives and/or specific client goals, are documented within the Investment Policy Statement to be monitored by the portfolio managers and used for account reviews. Enhanced software programs aid this process. These enabled systems will generate reports that monitor portfolio holdings and activity relative to stated goals, positions, and ranges, which ushers in discipline and accountability for the Firm's investment professionals. For all exceptions, portfolio managers rebalance the portfolio back to within acceptable limits unless extenuating circumstances exist.

#### **F. In Summary**

Callan Family Office relies on an investment process built from the multiple decade experiences of its investment professionals. Each stage of the process is critical to support an effective set of

portfolio results for the client. The Firm has committed to each part of the process and seeks ways to continually improve each section over time.

#### **G. Risks in General**

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### **H. 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 Callan Family Office'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. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Callan Family Office will be able to predict these price movements accurately or capitalize on any such assumptions.

#### **I. 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.

#### **J. Cash Management Risks**

The Firm may invest a portion 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.

#### **K. Illiquidity Risks**

The Firm may employ strategies that invest in illiquid investments for either Qualified Purchasers or Accredited Investors in the normal course of business. These illiquid investments will be directly overseen by Third Party Managers who specialize in these vehicles. These investments have unique risks inherent in their strategies, such as; Key Person Risk, Mis-sized positions, Geopolitical, Leverage, and Exit Strategy Impairment.

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

The Firm may take long 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 non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in companies that have market capitalizations smaller than \$10 billion and/or 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.

#### **M. Fixed Income Securities**

While the Firm emphasizes risk-averse management and capital preservation in its fixed-income bond portfolios, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any specific level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves. Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

#### **N. 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 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 index-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.

#### **O. Use of Independent Managers**

As stated above, Callan Family Office selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Callan Family Office continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies or to effectively deliver their models to Callan Family Office. In addition, Callan Family Office is reliant on Callan LLC and other providers (including technology services) for continuous coverage of the Independent Managers used in client accounts.

#### **P. Use of Private Collective Investment Vehicles**

Callan Family Office recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients will have access to each fund's private placement memorandum and/or other documents explaining such risks by request.

#### **Q. Use of Margin**

While the use of margin borrowing for investments can materially improve returns, it may also increase overall portfolio risk. Margin transactions are generally affected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have



extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

#### **R. Currency Risks**

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

#### **S. Interest Rate Risks**

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

### **Item 9. Disciplinary Information**

Callan Family Office 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. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

### **Item 11. Code of Ethics**

Callan Family Office 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. Callan Family Office's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm 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 Callan Family Office'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, the Firm'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 the Firm'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 the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with 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 money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Callan Family Office to request a copy of its Code of Ethics by contacting the Firm at the phone number on the cover page of this brochure.

## **Item 12. Brokerage Practices**

### **A. Recommendation of Broker-Dealers for Client Transactions**

Callan Family Office recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") or investment management accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Callan Family Office is independently owned and operated and not affiliated with Schwab. Schwab provides Callan Family Office with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Callan Family Office considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Callan Family Office's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to execute the same transaction where Callan Family Office 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. Callan Family Office seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, the Firm receives investment research products and/or services which assist Callan Family Office in its investment decision-making process. The receipt of investment research products and/or services poses a conflict of interest because Callan Family Office does not have to produce or pay for the products or services. Callan Family Office places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Advisor may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients so that Advisor is more likely to place trades through Schwab rather than other broker-dealers. Schwab's execution quality may be different than other broker-dealers.

Callan Family Office periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions considering its duty to obtain best execution.

## **B. Software and Support Provided by Financial Institutions**

Callan Family Office receives without cost from Schwab administrative support, computer software, related systems support, as well as other third-party support as further described below (together "Support") which allow Callan Family Office to better monitor client accounts maintained at Schwab and otherwise conduct its business. Callan Family Office receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Callan Family Office, but not its clients directly. Clients should be aware that Callan Family Office's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services Schwab. In fulfilling its duties to its clients, Callan Family Office endeavors always to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Callan Family Office receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Schwab. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of Callan Family Office by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Callan Family Office in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to Callan Family Office other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Callan Family Office endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

### **C. Loan from Schwab**

Schwab has provided a loan to Callan Family Office to assist its business operations, and the loan is guaranteed by the principal(s) of the Firm. The terms of the loan require that management fees to Callan Family Office be paid to an account at Schwab for deduction of interest and principal payments on the loan before the Firm may access such management fees. The loan agreement contains various representations and covenants by Callan Family Office, which can include net assets held at Schwab ("Assets Under Management at Schwab"), and that Callan Family Office will comply with all applicable laws, regulations, and agreements, and obtain all necessary licenses, consents and permits. Upon the occurrence and during the continuance of an event of default under the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on the Firm's ability to perform services for clients.

Some of the products, services and other benefits provided by Schwab, including the loan noted above, benefit the Firm and may not benefit the Firm's client accounts. Callan Family Office's recommendation or requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to the Firm, or the Firm's agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

**D. Brokerage for Client Referrals**

Callan Family Office does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

**E. Directed Brokerage**

The client may direct Callan Family Office in writing 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 the Firm 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 Callan Family Office (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, Callan Family Office may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

**F. Trade Aggregation**

Transactions for each client will be executed independently unless Callan Family Office decides to purchase or sell the same securities for several clients at approximately the same time. Callan Family Office may (but is not obligated to) combine or “batch” such orders to obtain best execution or to allocate equitably among the Firm’s clients the differences in prices that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Callan Family Office’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Callan Family Office’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Callan Family Office does not receive any additional compensation or remuneration because of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be 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 may be given to one account when one 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 may be 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 may be 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, the Firm may exclude the account(s) from the allocation; the transactions may be

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 may be allocated to one or more accounts on a random basis.

## **Item 13. Review of Accounts**

### **A. Account Reviews**

Callan Family Office monitors client portfolios on a continuous and ongoing basis and regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Principals and/or portfolio managers. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Callan Family Office and to keep the Firm informed of any changes thereto.

### **B. Account Statements and Reports**

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 Callan Family Office 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 Callan Family Office or an outside service provider.

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

### **Client Referrals**

In the event a client is introduced to Callan Family Office by either an unaffiliated or an affiliated party (a "Promoter"), the Firm may pay that Promoter a referral fee in accordance with applicable securities laws. Unless otherwise disclosed, any such fee is paid solely from Callan Family Office's fees and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated Promoter, the client will receive a disclosure statement from that Promoter containing the terms and conditions of the solicitation arrangement and any conflicts of interest. Any affiliated Promoter of Callan Family Office is required to disclose the nature of his or her relationship to prospective clients at the time of the referral.

### **Other Compensation**

The Firm receives economic benefits from Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## **Item 15. Custody**

Callan Family Office is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such

assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, Callan Family Office will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Callan Family Office. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

#### **A. Standing Letters of Authorization**

Callan Family Office also anticipates having custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

#### **B. Surprise Independent Examination**

In some cases, Callan Family Office provides bill pay service offerings to client accounts via an affiliated company, and the Firm will take power of attorney to pay bills on behalf of clients. This type of custody requires the Firm to engage an independent accounting Firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. Callan Family Office does not have direct access to client funds as they are maintained with an independent qualified custodian.

### **Item 16. Investment Discretion**

Callan Family Office is given the authority to exercise discretion on behalf of clients. Callan Family Office 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. Callan Family Office is given this authority through a power-of-attorney included in the agreement between Callan Family Office and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Callan Family Office 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 Independent Managers to be hired or fired.

## Item 17. Voting Client Securities

Acceptance of Proxy Voting Authority Callan Family Office accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When the Firm accepts such responsibility, it will cast proxy votes only in a manner it believes consistent with the best interest of its clients. At any time clients may contact the Firm to request information about how it voted proxies for that client's securities.

A brief summary of Callan Family Office's proxy voting policies and procedures is as follows:

- Callan family Office employs a third-party proxy voting service. The Firm has provided the servicer with guidance as to how to vote common proxy matters. In the event a specific proxy matter was to arise and not contemplated in the Firm's general guidelines, an appointed employee of Callan Family Office votes the proxy in a manner that is most advantageous for the shareholder.
- Callan Family Office will do initial and ongoing due diligence regarding the proxy voting of the third-party, including reviewing how the third-party handles any conflicts of interest.
- Clients cannot typically direct the Firm's vote on a particular proxy solicitation when the Firm has been given voting authority. The client, however, can revoke the Firm's authority to vote proxies. In addition, clients can, in limited circumstances, make requests for accommodations regarding the Firm's (and the third-party's) proxy voting.

## Item 18. Financial Information

Callan Family Office is not required to disclose any financial information listed in the instructions to Item 18 because:

- 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.