

3Chopt Investment Partners LLC

1801 Libbie Avenue, Suite 106

Richmond, VA 23226

Telephone: (804) 401-1840

Website: www.3choptinvest.com

March 28, 2024

FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of 3Chopt Investment Partners LLC ("3Chopt"). If you have any questions about the contents of this brochure, please contact us at (804) 401-1840. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about 3Chopt Investment Partners LLC is available on the SEC's website at www.adviserinfo.sec.gov.

3Chopt Investment Partners LLC is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

At least annually, this section will be updated to discuss only specific material changes that are made to the 3Chopt Investment Partners, LLC (3Chopt) brochure and provide our clients with a summary of such changes.

Our last annual updating amendment occurred on March 28, 2023.

There have been no material changes since the last annual amendment.

A copy of our updated brochure is available free of charge and may be requested by contacting us at (804) 401-1840.

Item 3 Table of Contents

Contents

Item 2 Summary of Material Changes	2
Item 3 Table of Contents	3
Item 4 Advisory Business	4
Item 5 Fees and Compensation	5
Item 6 Performance-Based Fees	7
Item 7 Types of Clients	7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9 Disciplinary Information	11
Item 10 Other Financial Industry Activities and Affiliations	11
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
Item 12 Brokerage Practices	12
Item 13 Review of Accounts	13
Item 14 Client Referrals and Other Compensation	14
Item 15 Custody	14
Item 16 Investment Discretion	15
Item 17 Voting Client Securities	15
Item 18 Financial Information	15

Item 4 Advisory Business

Introduction

3Chopt Investment Partners LLC is a registered investment advisor based in Richmond, Virginia that offers discretionary and non-discretionary advisory services. 3Chopt is organized as a limited liability company under the laws of the Commonwealth of Virginia. Preston Dillard and Scott Storey are the Firm's principals and control persons. All changes to the firm's principals will be made through an amended ADV.

Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management
- Financial Planning
- Outsourced CIO
- Family Office

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to 3Chopt Investment Partners LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our Firm.

Portfolio Management

We offer discretionary Portfolio Management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our Firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our Firm to give you investment advice. As part of our portfolio management services, we will customize an investment portfolio for you according to your risk tolerance and investing objectives. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our Firm with your restrictions and guidelines in writing that we agree to and accept.

As part of our Portfolio Management services, we may use the services of a third-party asset manager to manage all, or a portion of, your investment portfolio. After gathering information about a client's financial situation and objectives, we may allocate assets in individual equity and fixed income securities, as well as various mutual funds, exchange-traded funds ("ETFs"), independent investment managers ("Independent Managers"), and alternative investments (including both public and privately traded securities) in accordance with the clients' stated investment objectives.

Factors we take into consideration when making a determination to use a third-party manager include, but are not limited to, the following: investment performance, investment style, fees, and subsequent alignment with our client's financial needs, investment goals, risk tolerance, and investment objectives.

Private security investments made as part of our portfolio management services are non-discretionary. Clients must sign a subscription agreement with the security sponsor in order to participate in these offerings.

Financial Planning

Certain clients also engage 3Chopt for full or limited scope financial planning services. With full scope financial

planning, 3Chopt performs an evaluation of a client's current and future anticipated financial state using known variables to help model future cash flows, asset values, and withdrawal plans. This process facilitates the effective management of multiple aspects of the client's investment portfolio. Limited scope financial planning typically consists of the evaluation of a specific area of concern.

Financial plans are based on the client's financial situation at the time we present the plan and/or financial planning advice, and on the financial information provided to us. Clients must promptly notify our Firm if their financial situation, goals, objectives, or needs change between the time the information is collected and when the plan is delivered to the Client.

Depending on the type and scope of services to be provided, 3Chopt may enter into a separate financial planning engagement agreement with the client.

Outsourced CIO

3Chopt provides Outsourced CIO (Chief Investment Officer) services to family offices and institutional investors, their staff, investment committees, record-keepers, and other consultants. These services can include a variety of services such as asset allocation, manager selection and monitoring, and board education, thereby enabling key decision makers to focus on important strategic initiatives.

Family Office

3Chopt's Family Office services include consolidated and customized reporting of assets, coordination with clients' tax, legal, and financial advisors, and education for the next generations. 3Chopt recommends clients consult with a qualified tax and legal professional before initiating any tax planning strategy.

Wrap Fee Programs

We do not participate in any wrap fee program.

Assets Under Management

As of December 29, 2023, the Firm has \$ 628,525,063 total Assets Under Management. The Firm manages \$625,003,205 under discretion, and \$ 3,521,858 on a non-discretionary basis.

Item 5 Fees and Compensation

3Chopt offers discretionary Portfolio Management, Outsourced CIO, and Family Office services for an annual fee based on the amount of assets under the Firm's management. The maximum fee schedule for these services is as follows:

- 1.00% per annum on all assets under \$5 Million
- .70% per annum on all assets more than \$5M but less than \$10M
- .65% per annum on all assets more than \$10M but less than \$20M
- .55% per annum on all assets more than \$20M but less than \$50M
- .45% per annum on all assets more than \$50M but less than \$100M
- .40% per annum on all assets over \$100M

3Chopt's annual fee is billed and payable in advance on a quarterly basis. The billed amount is comprised of the average month-end market values within the billing period. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. The client may terminate the advisory agreement at any time. 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 unearned portion of the fee is refunded to the client.

Fee rates can vary by account size which can cause a conflict for 3Chopt when making recommendations to the client. To address this conflict 3Chopt relies on the Investment Policy Statement ("IPS") which guides investment selection and implementation.

Third-Party Asset Manager Fees

Each Third-Party Asset Manager charges a fee which is in addition to the fee charged by 3Chopt. The Asset Managers' fees are generally charged quarterly depending on the value and type of the assets being managed. These fees will be deducted directly by the Asset Manager.

Private Investments

For investments in private funds or companies, 3Chopt will charge a fee for services related to the administration of capital committed to such investments. Fees for private investments will generally be lower than the Firm's standard fee schedule and will be agreed upon by the client and the Firm in the client agreement. Unlike liquid investments, private investment securities do not provide daily liquidity or pricing. Fees will be calculated using the most recent value provided by the security's sponsor.

Fee Discretion

3Chopt may, in its sole discretion, negotiate fees 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.

Additional Fees and Expenses

In addition to the advisory fees paid to 3Chopt, clients will 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 will include securities brokerage commissions (See Item 12 Brokerage Practices), transaction fees, custodial fees, fees attributable to alternative assets, fees charged by the Asset 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.

Direct Fee Debit

Portfolio Management fees will be automatically deducted from the Client's account at the Custodian. Upon written request, the Client may pay the Management fee directly to the Adviser. Clients may provide 3Chopt with the authority to directly debit their accounts for payment of the consulting and financial planning fees. It is 3Chopt's understanding that 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 3Chopt.

Financial Planning Services

We charge a fixed fee for financial planning services. Our fixed fees generally range from \$2,500 - \$15,000. The fees are negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. An

estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. Financial planning fees are due upon completion of the contracted services.

At our discretion, we may offset our financial planning fees to the extent you implement our financial planning recommendations through our Portfolio Management service.

You may terminate the financial planning agreement by providing written notice to our Firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

Revenue Payments to Previous Investment Advisory Firm

On May 27, 2022, 3Chopt and certain of its associated persons entered into an agreement with the previous investment advisory firm of those associated persons to resolve disagreements about the associated persons' departure. Among other terms, 3Chopt agreed to pay the previous firm 35% of the total gross revenue received for two years from any former clients of that firm who become 3Chopt clients prior to April 14, 2024. This presents a conflict of interest in that 3Chopt is incentivized to charge higher fees to those clients of the previous firm. While fees are negotiable, 3Chopt will not charge higher fees to clients of the previous firm solely based on the fact that the accounts have transferred from the previous firm to 3Chopt. Additionally, this agreement will not have any effect on fee negotiation for any client.

Item 6 Performance-Based Fees

3Chopt does not provide any services for a performance-based fee.

Item 7 Types of Clients

3Chopt offers services to individuals, trusts, estates, charitable organizations, corporations, business entities, foundations, endowments, nonprofit organizations, pension and retirement plans, and family offices. Although 3Chopt reserves the right to make exceptions, our Firm normally requires an initial account value of a minimum of \$5,000,000.

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

3Chopt ascribes to an asset allocation approach to investing, stressing the importance of long-term strategic allocation combined with shorter-term tactical allocation decisions. This approach is further expanded to include low-correlating asset classes in the portfolio to reduce risk and/or increase expected returns. The Firm performs a discretionary review of current market conditions and tactical opportunities.

Asset allocation is a multi-faceted process. At the outset of a relationship, 3Chopt in collaboration with the client, will create an Investment Policy Statement ("IPS"). The development of an IPS is tailored to each individual client. The Client will review and approve the IPS in order for it to go into effect. The IPS sets forth the investment parameters for a client portfolio including ranges for specific asset classes, permissible investment types and liquidity requirements, as well as expectations around performance evaluation for the overall portfolio and specific strategies.

In order to determine the investment objectives contained within the IPS, the Firm reviews the client's stated investment goals, income requirements, acceptable risk tolerances, tax bracket and status, time horizon, governing documents, and any other relevant factors. 3Chopt relies solely on information provided by the client and the client

is responsible for promptly updating the Firm if their investment objectives change. After the above has been determined, 3Chopt sets the target asset allocation range. Once 3Chopt sets the target allocation range, the client has the opportunity to review and then approve or deny the allocation.

3Chopt will utilize the executed IPS and the agreed upon target allocation range to construct an individualized investment portfolio.

The final step is the implementation of a portfolio of investments which may include individual equities and fixed income securities, mutual funds (open and closed-end), exchange traded funds, separately managed accounts, and private placement partnerships that operate within the constraints of the IPS. The goal is to produce a portfolio that maximizes risk-adjusted returns, consistent with the client's objectives.

3Chopt Investment Committee

The 3Chopt Investment Committee ("3CIC") is tasked with sourcing new investment ideas including, but not limited to, traditional fixed income and equity separate account Asset Managers, mutual funds (open and closed-end), ETFs, and potential alternative investment strategies. Investment strategies are sourced through 3Chopt's web of professional contacts. When available, 3Chopt will utilize research performed by third parties to assist in vetting prospective investments and may participate in direct investments.

In the initial due diligence stage, 3Chopt will review an investment's decision-makers, philosophy, process, and performance. 3Chopt's strategy and trading execution are analyzed to gauge whether or not there is sufficient interest within 3Chopt to continue the due diligence process. The 3CIC will review and provide potential approval for inclusion on the 3Chopt platform.

On a quarterly basis all approved traditional strategies are compared against their appropriate benchmarks and peer groups by the 3CIC. On a quarterly basis, all approved non-traditional and limited partnership performance is reviewed by the 3CIC. If the 3CIC identifies any material changes at a manager or strategy within the focal areas of people, process, philosophy, and performance, a more in-depth review is then triggered.

With respect to alternative investments, the 3CIC's objective is to use alternative investments with limited correlation to traditional equities and fixed income without sacrificing the long-term return potential. Alternative investments are used when appropriate, based on clients' investment profiles and risk tolerance levels.

Risk of Loss

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. 3Chopt does not guarantee the future performance of an account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management. Clients understand that investment decisions made for the client's account by our Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

Investors face a variety of investment risks including the following:

- ***Interest-rate Risk:***

Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. In general, fixed income securities with longer maturities are more sensitive to changes in interest rates. In addition, falling interest rates may cause a portfolio's income to decline.

- **Market Risk:**
The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances.
- **Inflation Risk:**
When an inflationary economic environment exists, a dollar in the future does not buy as much as a dollar today will buy. This negatively impacts people on fixed incomes.
- **Currency Risk:**
Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country.
- **Reinvestment Risk:**
This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return. This primarily relates to fixed income securities.
- **Liquidity Risk:**
Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product.
- **Business Risk:**
These risks are associated with an industry or a particular company within an industry.
- **Financial Risk:**
Excessive borrowing to finance the operations of a business increases risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **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 to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of open-end mutual funds are generally distributed and redeemed by the fund itself or by a broker acting on a fund's 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 shareholder 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.

Shares of closed-end funds have different risks than open-end funds. Like ETFs, closed-end funds trade on the market, generally not at NAV. Like other publicly traded securities, the price may diverge from the NAV and sell at a discount or premium. In addition, closed-end funds are able to use more leverage than open-end funds and, therefore, may take on additional risk.

- ***Use of Asset Managers:***

As stated above, 3Chopt may select certain Asset Managers to manage a portion of its clients' assets. In these situations, 3Chopt continues to conduct due diligence of such managers, but relies on the Asset Managers' ability to successfully implement their investment strategies. In addition, 3Chopt does not have the ability to supervise the Asset Managers on a day-to-day basis, as 3Chopt is not affiliated with the Asset Managers.

- ***Use of Private Collective Investment Vehicles:***

3Chopt may 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. Such private 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 should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

- ***Use of Margin:***

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.

- ***Derivative Risk:***

Options, futures and other derivatives involve risks and are not suitable for everyone. Such trading can be speculative in nature and carry substantial risk of loss, including the loss of principle and the potential for third-party counterparties to be unwilling or unable to meet their contractual obligations. Additionally, investments in derivative instruments may require a high degree of leverage, meaning the overall contract value is much greater than the deposit used to buy the position in the derivative product. Prices of derivative instruments may fluctuate widely and rapidly, which cannot be controlled by 3Chopt or the Asset Managers.

- ***Legal Litigation:***

3Chopt may periodically receive notifications of pending class action or similar legal litigation involving securities held within client accounts. As a matter of policy, 3Chopt does not elect to participate in such lawsuits or other settlements on behalf of Firm clients. Further, Asset Managers maintain separate policies covering such legal litigations, and Firm clients may participate in class action lawsuits and similar legal litigation alongside other clients of the Asset Managers.

- ***Disaster Recovery:***

3Chopt maintains a Disaster Recovery Plan designed to reasonably ensure the essential business functions of the Firm are promptly restored in the event of a disaster event. 3Chopt will make reasonable attempts in light of the situation to notify clients of the impact of the event on the Firm and its clients.

- ***Cybersecurity:***

Information security concerns impact every user of the internet, and investment advisors such as 3Chopt are no exception. 3Chopt recognizes the importance of protecting clients' personal information as well as the confidential and proprietary information of the Firm and its employees. While 3Chopt employs resources (third-party IT vendors/consultants) to protect this information, 3Chopt cannot guarantee the protection of all such information, nor assure against all related losses, in consideration of the real and evolving cybersecurity risks. 3Chopt believes clearly communicated information represents a critical aspect for identifying and managing cybersecurity risks and has encouraged employees to communicate early and often regarding any potential

cybersecurity risk. The Firm encourages all clients to communicate any information security risk or breach they may have detected to us immediately.

- **Identity Theft:**

3Chopt recognizes the inherent risk all individuals face with respect to identity theft. Consistent with regulatory requirements, the Firm identifies potential red flags indicating a client's identity may have been stolen. 3Chopt requests any client who suspects his/her identity may have been stolen to immediately notify 3Chopt, thereby permitting the Firm to implement additional controls around the client's account.

Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

Item 10 Other Financial Industry Activities and Affiliations

We may provide investment advice regarding private investment funds. Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

Recommendation of Asset Managers

We may use a third-party Asset Manager based on client needs and suitability. We will not receive separate compensation, directly or indirectly, from the Asset Manager for recommending that our client use their services to avoid any potential conflict of interest.

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

Description of Our Code of Ethics

Our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our Firm. Our goal is to protect our clients' interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing. Persons associated with our Firm are required to report any violations of our Code of Ethics to the Principals of the Firm. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our Firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions - Private Pooled Investment Vehicle/Sponsor of Limited Partnership

As the investment advisor, our Firm has a nominal interest in these Funds and our employees invest alongside our investment advisory clients. Such interest and side by side sharing may encourage our Firm to advise clients to invest

their assets in the partnerships and may influence the allocation of these assets. This creates a conflict of interest for 3Chopt and its employees. To mitigate this conflict of interest, we review client portfolios in conjunction with allocation guidelines to ensure that they are invested solely in the best interests of the client and in accordance with the client's investment objectives. All of the Firm's investment advisor representatives are required to consider the client's investment objectives and individual situations before and while engaging in any private offering.

Personal Trading Practices

Our Firm or persons associated with our Firm may buy or sell securities for you at the same time we or persons associated with our Firm buy or sell such securities for our own account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Firm nor persons associated with our Firm shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

We generally recommend that securities be purchased through Charles Schwab & Co., Inc. ("Schwab"), an unaffiliated SEC-registered broker-dealer and FINRA member. In selecting a broker-dealer we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Economic Benefits

As a registered investment advisor, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage Firms. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our Firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisors that utilize the institutional services platforms of these Firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

Schwab Advisor Services

We participate in Schwab Advisor Services™ which is Schwab's business that serves independent investment advisory (the "Program") Firms like ours. Schwab offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from Schwab through our participation in the Program. This presents a conflict of interest, discussed below.

We may recommend Schwab to you for custody and brokerage services. There is no direct link between our participation in the Program and the investment advice we give you, although we receive economic benefits through

our participation in the Program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to aggregated trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to your accounts); the ability to have advisory fees deducted directly from your accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. Schwab may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by Schwab through the Program may benefit us but may not benefit your accounts. These products or services may assist us in managing and administering your accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the Program do not depend on the amount of brokerage transactions directed to Schwab. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of Schwab for custody and brokerage services.

Directed Brokerage

The client may direct 3Chopt 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 3Chopt (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, 3Chopt 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.

Trade Aggregation

Transactions for each client generally will be effected independently, unless 3Chopt decides to purchase or sell the same securities for several clients at approximately the same time. In those such instances, 3Chopt may (but is not obligated to) combine or “batch” such orders to: 1) seek best execution; 2) negotiate more favorable commission rates; or 3) allocate equitably among the Firm’s clients differences in prices, commissions or other transaction costs 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 participating 3Chopt’s clients on a pro rata basis to the purchase and sale orders placed for each client on any given day.

Item 13 Review of Accounts

Portfolio Management Review

3Chopt will conduct account reviews no less than annually. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,

- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We may provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Item 14 Client Referrals and Other Compensation

3Chopt does not receive compensation from any third party in connection with providing investment services to our clients other than the limited benefits disclosed in Item 12 above. 3Chopt does not pay compensation to any third party for client referrals. 3Chopt does pay a portion of the advisory fee collected from certain clients to a previous investment advisory firm. See Item 5 above for full disclosure of this agreement.

Item 15 Custody

Your assets will be held with a qualified custodian, which will send statements at least quarterly. We directly debit your account for the payment of our advisory fees. The account statements from your custodian will indicate the amount of our advisory fees deducted each billing period. You should carefully review account statements for accuracy.

In addition, 3Chopt may send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to information received from 3Chopt.

Standing Letters of Authorization

We may assist clients with the transfer of their assets between two or more of a client's accounts maintained at the client's custodian or maintained with multiple custodians. This ability to transfer a client's assets between the client's accounts, provided the client has authorized the advisor in writing to make such transfers, causes our Firm to exercise limited custody over your funds or securities. Pursuant to Rule 206(4)-2 (the "Custody Rule"), we have taken steps to have controls and oversight in place to support the no-action letter issued by the SEC on February 21, 2017, (the "SEC no-action letter"). With respect to third party standing letters of authorization ("SLOA"), where a client may grant 3Chopt the authority to direct custodians to disburse funds to one or more third party accounts, we are deemed to have limited custody. However, we are not required to comply with the surprise examination requirement of the Custody Rule as long as we are in compliance with the seven representations noted in the February 21, 2017, SEC no-action letter.

Item 16 Investment Discretion

3Chopt accepts discretionary authority to manage securities on behalf of clients. Before assuming discretion, 3Chopt and the client will enter into a written investment advisory agreement assigning this authority to our Firm. However, 3Chopt will not have the ability to withdraw funds or securities from client accounts. Clients may impose reasonable restrictions on investing in certain securities or types of securities if 3Chopt determines, in our sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for our Firm's management efforts.

3Chopt generally 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 Asset Managers to be hired or fired.

Item 17 Voting Client Securities

3Chopt does not vote a client's securities (i.e., proxies) on a client's behalf. Clients receive proxies directly from their custodian or transfer agent where the client's assets are custodied and may contact our Firm with questions about any such issuer solicitations.

Item 18 Financial Information

3Chopt 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.