



# CONQUIS FINANCIAL

## Form ADV Disclosure Brochure

March 25, 2024

Office Location:

1 La Cruz Avenue, Suite 202  
Millbrae, CA 94030

Phone: 650-651-3609  
[www.conquis.com](http://www.conquis.com)

This Brochure provides information about the qualifications and business practices of Conquis Financial LLC a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact us at the telephone number listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply any level of skill or training.

## ITEM 2 - MATERIAL CHANGES

In this Item, Conquis Financial LLC (“Conquis”, the “Firm”, the “Adviser”, “we”, “our,” or “us”) is required to discuss any material changes that have been made to the Brochure since the last annual amendment.

These are the material changes since the last annual update dated January 1, 2023:

- Item 5: We added the Firm’s minimum quarterly fee and the fees charged by the Independent Managers/Sub-Advisors.
- Item 8: We clarified the investment strategies used by the Firm.
- Item 10: We added disclosure language regarding the Independent Managers/Sub-Advisors.
- Item 12: We added disclosure language regarding blocking of trades.

We will ensure that all current clients receive a Summary of Material Changes and updated Brochure within 120 days of the close of our business’ fiscal year. This Summary of Material Changes is also included with our Brochure on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Conquis is 319579. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by calling us at 650-651-3609.

## ITEM 3 - TABLE OF CONTENTS

ITEM 2 - MATERIAL CHANGES.....	2
ITEM 3 - TABLE OF CONTENTS .....	3
ITEM 4 - ADVISORY BUSINESS.....	4
ITEM 5 - FEES AND COMPENSATION .....	6
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	7
ITEM 7 - TYPES OF CLIENTS.....	8
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIESAND RISK OF LOSS .....	8
ITEM 9 - DISCIPLINARY INFORMATION.....	11
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	12
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	13
ITEM 12 - BROKERAGE PRACTICES.....	14
ITEM 13 - REVIEW OF ACCOUNTS.....	15
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION.....	16
ITEM 15 - CUSTODY.....	16
ITEM 16 - INVESTMENT DISCRETION .....	17
ITEM 17 - VOTING CLIENT SECURITIES.....	17
ITEM 18 - FINANCIAL INFORMATION.....	17

## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Conquis is a privately owned limited liability company headquartered in Millbrae, CA. The Firm was formed in 2022 and is owned by Katherine Simmonds. Conquis is registered as an investment adviser with the U.S. Securities and Exchange Commission.

As of December 31, 2023, Conquis managed approximately \$206,851,895 in assets on a discretionary basis. The Firm does not offer a wrap program.

While this brochure generally describes the business of the Firm, 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 any other person who provides investment advice on the Firm's behalf and is subject to the Firm's supervision or control.

### Advisory Services Offered

The Firm offers discretionary and non-discretionary investment management and investment advisory services as well as financial planning and consulting. Prior to the Firm rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

#### Investment Management Services

The Firm offers continuous and regular investment supervisory services on a discretionary and non-discretionary basis as well as financial planning and consulting. We work with clients and have the ongoing responsibility to select and/or make recommendations based upon the objectives of the client, as to specific securities or other investments that he/she recommends or purchases/sells in clients' accounts. We utilize a variety of investment types when making investment recommendations/purchases in client accounts which include, but are not limited to equity securities, fixed income securities, ETFs, mutual funds, and independent investment managers. The investments recommended/purchased are based on the clients' individual needs, goals, and objectives. The Firm offers investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks under *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss*. Financial Planning will be provided to clients as a part of the Investment Management Services. When being provided as a stand-alone service it is described in this section under *Financial Planning and Consulting Services* below.

We discuss our discretionary authority below under *Item 16 – Investment Discretion*. We describe the fees charged for investment management services below under *Item 5 – Fees and Compensation*.

#### Financial Planning and Consulting

The Firm provides a variety of financial planning and consulting services to individuals, families and other

clients regarding their financial resources based upon an analysis of client's current situation, goals, and objectives. Financial Planning encompasses one or more of the following areas: investment planning, retirement planning, education planning, cash flow planning and budgeting, risk management, estate planning, gifting strategies, business planning, among others. Consulting services may include a specialized look at a particular financial planning or investment issue.

Services provided under a financial planning agreement are generally one-time contracts but can also be ongoing. The client is under no obligation to act upon the investment adviser's recommendation. If the client elects to act on our recommendations, the client is under no obligation to engage our advisory services.

We describe fees charged for Financial Planning and Consulting Services below under *Item 5 - Fees and Compensation*.

#### *Use of Independent Managers and Sub-Advisors*

The Firm may select certain Independent Managers and/or Sub-Advisors to actively manage a portion of its client assets. The specific terms and conditions under which a client engages an Independent Manager and/or Sub-Advisor may be set forth in a separate written agreement with the designated Independent Managers engaged to manage their assets.

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

The Firm continues to provide services relative to the discretionary selection of the Independent Managers and/or Sub-Advisor. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. The Firm seeks to ensure the Independent Managers and/or Sub-Advisor strategies and target allocations remain aligned with its client's investment objectives and overall best interests.

## ITEM 5 - FEES AND COMPENSATION

### Fee Schedule & Billing Method

The Firm offers services on a fee basis which may include fixed fees, as well as fees based upon assets under management. Fees are negotiable. Clients with previously established relationships may remain on their former fee schedule as indicated within their signed Advisory Agreement.

#### Investment Management Services Fees

The annual management fee for our Investment Management Services, which will include Financial Planning, is assessed and/or charged based on what is stipulated in the Investment Advisory Agreement signed by each client.

Fees detailed in the Investment Advisory agreement can be structured in one of the following ways: a fixed flat fee, a percentage fee on total assets, or a combination of the two.

The annual fixed flat fee is negotiated based on services provided and is assessed and/or charged quarterly in advance with an annual inflation adjustment as noted in the agreement. Our annual percentage fee, which is based on a percentage of total assets, ranges up to 0.95% annually and is assessed and/or charged quarterly in advance. Our minimum quarterly fee for any engagement will be \$3,000.

#### Financial Planning and Consulting Fees

The Adviser may provide financial planning and/or consulting services to the Client regarding the management of Client's financial resources. This is based upon an analysis of Client's current personal and financial situations, goals, and objectives. The fee assessed and/or charged is based on what is stipulated in the Financial Planning and Consulting Agreement signed by each client.

Updates to a Financial Plan may be charged an additional fee.

#### Independent Managers/Sub-Advisors Fees

Fees charged by the Independent Managers/Sub-Advisors are charged to the clients separately. In these relationships with third-party and/or Sub-Advisors, these fees would be in addition to the fees charged by the Firm, paid directly to the third-party and/or Sub-Advisor, and the Firm will not receive any portion of those fees or share in those fees. These fees range from 0.15% to 0.29%.

#### Other Fees and Expenses

Clients may incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, platform service providers, banks, and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, reporting charges, 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**

Clients generally provide the Firm and/or the Independent Managers/Sub-Advisors 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 account transactions, including any amounts paid to the Firm.

### **Account Additions and Withdrawals**

As stated above, clients may make additions to and withdrawals from their account at any time, subject to the Firm's right to terminate an account. Additions may 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 may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. The Firm may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Termination**

Either party may terminate the Investment Advisory Agreement at any time by providing a notice to the other party as outlined in the agreement. The client may terminate the agreement at any time by email or writing to the Firm at our office. The Firm will refund any prepaid, unearned advisory fees.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, the Firm will not liquidate any securities in the account unless instructed by the client to do so. In the event of the client's death or disability, the Firm will continue management of the account until the Firm is notified of the client's death or disability and given alternative instructions by an authorized party.

Financial Planning and Consulting Agreements can be terminated at any time by email or writing to the Firm at our office.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm does not charge performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client.

## **ITEM 7 - TYPES OF CLIENTS**

Our services are provided on a discretionary and non-discretionary basis to a variety of clients, such as individuals, high net worth individuals, trusts and estates, charitable organizations, corporations or other businesses, and individual participants of retirement plans.

### **Account Requirements**

The Firm does not generally impose a stated minimum fee for starting and maintaining an investment management relationship. Certain Independent Managers/Sub-Advisors may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, the Firm may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers/Sub-Advisors.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategies**

The Firm selects categories of investments based on the clients' attitudes about risk and their need for capital appreciation or income. Different instruments involve different levels of exposure to risk. We seek to select individual securities with characteristics that are most consistent with the client's objectives. Since the Firm treats each client account uniquely, client portfolios with similar investment objectives and asset allocation goals may own different securities.

#### **General Investment Strategies**

The Firm generally uses diversification in an effort to minimize risk and optimize the potential return of a portfolio. More specifically, we utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification. Each portfolio composition is determined in accordance with the clients' investment objectives, risk tolerance, and time horizon. We utilize both passive and active investment management strategies in an effort to optimize portfolios.

Our general investment strategy to help identify the client's investment objectives, time horizon, risk tolerance, tax considerations, target asset allocation, and any special considerations and/or restrictions the client chooses to place on the management of the account. The Firm will then recommend investments that we feel are consistent with the Client Profile.

After defining client needs, the Firm develops and implements plans for the client's account then, we monitor the results and adjust as needed. As the initial assumptions change, the plans themselves may need to be adapted. Continuous portfolio management is important in an effort to keep the client's portfolio consistent with the client's objectives.



### Methods of Analysis for Selecting Securities

The Firm uses a variety of research methods in the selection of securities such as ETFs, index funds, mutual funds, and individual securities. We use analytical tools provided by asset managers as well as independent data and analysis providers.

### Mutual Funds and Exchange Traded Index Funds

In analyzing funds, the Firm use various sources of information. We review key characteristics such as historical performance, consistency of returns, risk level, and size of fund. Expense ratio and other costs are also significant factors in fund selection. We also subscribe to/access additional information from other sources that inform our general macroeconomic view.

### Modern Portfolio Theory (MPT)

The Firm may use Modern Portfolio Theory, which has a basic concept of using diversification in an effort to help minimize risk and optimize the potential return of a portfolio.

### Tax-Loss Harvesting

The Firm may use tax-loss harvesting by taking timely losses on investments that have declined in value in order to offset capital gains taxes a client may owe on investments sold having an increase in value.

### Direct Indexing for Tax Loss Targeting

The Firm may use this strategy, an enhanced form of Tax-Loss Harvesting, that looks for movements in individual stocks to harvest more tax losses and potentially avoid paying additional capital-gains taxes. The tactic involves buying the underlying securities of an index, such as the S&P 500, then selling the stocks that decline. In a good year, investors may capture the gains of the chosen index while creating losses that at tax time help offset capital gains.

### Long-term Holding

The Firm does not generally purchase securities for clients with the intent to sell the securities within 30 days of purchase, as we do not generally use short-term trading as an investment strategy. However, there may be times when we will sell a security for a client when the client has held the position for less than 30 days.

The Firm does not attempt to time short-term market swings. Short-term buying and selling of securities are typically limited to those cases where a purchase has resulted in an unanticipated gain or loss in which we believe that a subsequent sale is in the best interest of the client.

### Dollar-Cost-Averaging

Dollar cost averaging involves investing money in multiple installments overtime to take advantage of price fluctuations in the attempt to get a lower average cost per share.

### Rebalancing

The Firm may use rebalancing to change the weightings of assets in an investment portfolio to match the initial weightings of the client's risk profile. Rebalancing will take into account tax consequences of selling certain assets at a gain or loss.

### Margin

Some clients of the Firm maintain margin accounts to facilitate short-term borrowing needs, which are unrelated to our investment strategy (ies). Clients are responsible for any brokerage or margin charges in addition to advisory fees. Risks of using margin include "margin calls" (also called "fed calls" or "maintenance calls.") Margin calls occur when account values decrease below minimum maintenance margin levels established by the broker-dealer that holds the securities in the client's account, requiring the investor to deposit additional money or securities into their margin account.

While the use of margin borrowing can increase returns, it can also magnify losses. Clients must specifically request to establish a margin account.

### Additional Strategies

Clients interested in learning more about any of the above strategies should contact us for more information and/or refer to the prospectus of any mutual fund or ETF. We may also consider additional strategies by specific client request.

### Investing Involves Risk

#### *General Risks of Owning Securities*

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock and bond markets may increase and your account(s) may enjoy positive returns, it is also possible that the stock and bond markets decrease, and your account(s) may suffer a loss. It is important to understand the risks associated with investing. We strive to educate clients on these risks.

#### *Risk of Loss*

Diversification does not guarantee a profit or guarantee to protect you against loss, and there is no guarantee that your investment objectives will be achieved. The Firm strategies and recommendations may lose value. All investments have certain risks involved including, but not limited to the following:

- **Stock Market Risk:** The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.
- **Managed Portfolio Risk:** The manager's investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- **Industry Risk:** The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- **Non-U.S. Securities Risk:** Non-U.S. securities are subject to the risks of foreign currency

fluctuations, generally higher volatility, and lower liquidity than U.S. securities, less developed securities markets and economic systems and political economic instability.

- **Emerging Markets Risk:** To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Currency Risk:** The value of your portfolio's investments may fall as a result of changes in exchange rates.
- **Credit Risk:** Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- **Inflation Risk:** Fixed income instruments are likely to sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate.
- **Margin Risk:** The use of margin is not suitable for all investors since it increases leverage in your Account and therefore risk. Margin also requires a certain amount of liquidity to be maintained in the account to meet margin calls.
- **ETF and Mutual Fund Risk:** When invested in an ETF or mutual fund, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operation expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing/selling ETFs and commissions from purchasing/selling mutual funds.
- **Independent Manager Risk:** As stated above, the Firm may select certain Independent Managers/Sub-Advisors to manage a portion of its clients' assets. In these situations, the Firm continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the their ability to successfully implement their investment strategies. In addition, the Firm generally may not have the ability to supervise the Independent Managers on a day-to-day basis.
- **Management Risk:** Your investment with us varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease.

## **ITEM 9 - DISCIPLINARY INFORMATION**

The Firm and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our business or the integrity of our management. We do not have any required disclosures to add to this Item.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Firm is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### **Retirement Plan Accounts**

The Firm may from time to time recommend the rollover to an IRA from an employer-sponsored retirement plan. Rollovers will be recommended when it is deemed by the Firm to be in the best interest of the client. It is understood that the Firm will receive a management fee paid by me as indicated by the client agreement that will be signed when the account is opened.

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

Under this special rule's provisions, we must:

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

When recommending the rollover to an IRA from an employer sponsored retirement plan, you will be provided with disclosure on the reasons why the transaction is in your best interests.

### **Selection of Independent Managers/Sub-Advisors**

The Firm has discretion to choose Independent Managers/Sub-Advisors to manage all or a portion of the client's assets. Clients will pay the Firm its portfolio management fee in addition to the fee for the Independent Managers/Sub-Advisors to which it directs those clients. This relationship will be memorialized in each contract between the Firm and each third-party advisor or client. The fees will not exceed any limit imposed by any regulatory agency. The Firm will always act in the best interests of the client, including when determining which Independent Managers/Sub-Advisors to recommend to clients.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

The Firm believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the Firm and our personnel. We have adopted a Code of Ethics that emphasizes the high standards of conduct that the Firm seeks to observe. Our personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

The Firm's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. The Firm's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

The Firm will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

### Personal Trading Practices

The Firm and our personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client's account. The Firm and our personnel may purchase or sell securities for themselves that we also recommend/utilize for clients. This presents a potential conflict of interest, as we have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment decisions/recommendations prior to and in preference to accounts of the Firm's associated persons.
2. The Firm prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.
3. If an associated person wishes to purchase or sell the same security as he/she recommends or takes action to purchase or sell for a client, he/she will not do so until the custodian fills the client's order if the order cannot be aggregated with the client order. As a result of this policy, it is possible that clients may receive a better or worse price than the associated person for transactions in the same security on the same day as a client.
4. The Firm requires our associated persons to report personal securities transactions on at least a quarterly basis.
5. Associated persons are required to obtain pre-approval from the Chief Compliance Officer before

trading in certain securities.

## **ITEM 12 - BROKERAGE PRACTICES**

The Firm recommends accounts to be established with Charles Schwab & Co., Inc., member FINRA/SIPC as part of the Firms' custodial relationship. The Firm may also establish relationships with other custodians other than Schwab to manage or view client accounts. The Firm engages the custodian to clear transactions and custody assets. The custodian provides the Firm with services that assist in managing and administering clients' accounts which include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with certain back-office functions, recordkeeping and client reporting.

As part of the arrangement described above, the custodian also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by the custodians directly from independent research companies, as selected by our Firm (within specific parameters). Research products and services provided by the custodians to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by the custodians to the Firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, we have an incentive to continue to use or expand the use of the custodians' services. Our firm examined this conflict of interest when we chose to enter into the relationship with the custodian and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

The custodians generally do not charge clients separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodians or that settle into accounts at the custodians. The custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis other than what is described above.

The Adviser will block trades where possible and when advantageous to clients. This permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction

costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, and at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker.

## **Factors Considered in Recommending Custodians**

We consider several factors in recommending custodians to a client. Factors that we consider when recommending custodians may include financial strength, reputation, execution, pricing, reporting, research, and service. We will also take into consideration the availability of the products and services received or offered (detailed above) by the custodians.

### **Directed Brokerage Transactions**

The Firm does not allow clients to direct brokerage to a specific broker-dealer. For an individual third-party money manager's and/or Sub-Advisor's policy on directed brokerage transactions, you must refer to *Item 12 – Brokerage Practices* of that managers form ADV 2A brochure.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Account Reviews & Reporting**

#### **Portfolio Account Reviews**

The Firm manages portfolios on a continuous basis and generally reviews all positions in client accounts on a regular basis. We meet with clients to review their portfolios no less than annually. Clients may choose to receive reviews in person, by telephone, by video conference or via e-mail. The Firm conducts reviews based on a variety of factors. These factors include, but are not limited to, stated investment objectives, economic environment, outlook for the securities markets, and the merits of the securities in the accounts. The client is expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account.

In addition, we may conduct a special review of an account based on, but not limited to, the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations; or
4. Material cash deposits or withdrawals.

#### **Third Party and/or Sub-Advisor Accounts**

Investment Adviser Representatives periodically review the reports of Independent Managers/Sub-Advisors provided to the client no less often than on a semi-annual basis. Our Investment Adviser Representatives contact clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to Independent Managers/Sub-Advisors as warranted; and assist the client in understanding and evaluating the services provided by the Independent Managers/Sub-Advisors. The client may also directly contact the Independent Managers/Sub-Advisors

managing the account.

### *Financial Planning and Consultation Services*

Financial Planning and Consultation clients do not receive reviews of their written plans, nor updates to their plans unless requested. There is no reporting on financial plans or on a specific consultation arrangement unless specifically indicated in the agreement.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### **Brokerage Support Products and Services**

The Firm receives an economic benefit from the brokers used for transactions in client accounts in the form of the support products and services they make available to us and other independent firms whose clients maintain their accounts at the broker. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of the brokers' products and services to us.

### **Outside Compensation**

The Firm does not pay referral fees to independent solicitors for the referral of their clients to our firm.

The Firm may refer clients to unaffiliated professionals for specific needs, such as mortgage brokerage, real estate sales, estate planning, legal, and/or tax/accounting. In turn, these professionals may refer clients to our Firm for investment management needs. We do not have any arrangements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals.

However, it could be concluded that the Firm is receiving an indirect economic benefit from this practice, as the relationships are mutually beneficial. For example, there could be an incentive for us to recommend services of firms who refer clients to the Firm.

The Firm only refers clients to professionals we believe are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the provider, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and the Firm has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by the Firm.

If the client desires, we will work with these professionals or the client's other advisers (such as an accountant, attorney, or other investment adviser) to help ensure that the provider understands the client's investments and to coordinate services for the client. We do not share information with an unaffiliated professional unless first authorized by the client.

## **ITEM 15 - CUSTODY**

The Firm and/or the Independent Managers have limited custody of some of our clients' funds or



securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from the Firm as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

## **ITEM 16 - INVESTMENT DISCRETION**

The Firm accepts discretionary and non-discretionary authority over client accounts. If we are acting in a discretionary capacity, we may place trades within a client account without pre-approval from the client. If we are acting in a non-discretionary capacity, we must receive client approval prior to placing any trades for the client. Clients with discretionary accounts will execute a limited power of attorney to evidence discretionary authority.

## **ITEM 17 - VOTING CLIENT SECURITIES**

### *Voting of Proxies*

In regard to SEC Rule 206(4)-6 under the Advisers Act, the Firm will not vote proxies for client accounts. You are responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned in your Account are voted and voting or causing such proxies to be so voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other similar type events pertaining to your Assets. Please contact us if you would like to receive a copy of our Proxy Voting Policy.

### *Class Action Lawsuits*

As a matter of company policy, the Firm does not file proofs of claim relating to class action lawsuits affecting individual client accounts. However, upon Client's request the Firm will provide any and all documentation required to complete any such proof of claim.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. The firm does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.