

**KARPAS STRATEGIES**  
INVESTMENT MANAGEMENT

SEC File Number: 801 – 57019

**ADV Part 2A Brochure**  
**Dated 02/29/2024**

33 West Street, Rear  
Litchfield, Connecticut 06759

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

Matthew Karpas, Chief Compliance Officer

This Brochure provides information about the qualifications and business practices of Karpas Strategies, LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 223-7280 or [MPK@karpasonline.com](mailto:MPK@karpasonline.com). 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 Karpas Strategies, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

References herein to Karpas Strategies, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Although no material changes, Karpas Strategies has made various disclosure enhancements below, including disclosure regarding retirement plan rollovers.

**ANY QUESTIONS:** If you have any questions regarding the changes below or any other issue pertaining to this Brochure, please contact Karpas Strategies' Chief Compliance Officer, Matthew Karpas, at (212) 223-7280.

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**Item 2 Material Changes**

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There have been no material changes to Karpas Strategies' Brochure since our last ADV Annual Amendment filing on 02/27/2023.

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## Item 4 Advisory Business

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- A. Karpas Strategies, LLC (“Karpas Strategies”) is a limited liability company (“LLC”) formed on August 11, 1999 in the State of New York. Karpas Strategies became registered as an Investment Adviser Firm in November 1999. Prior to becoming an LLC, Karpas Strategies was a sole proprietorship, of which Matthew Karpas was the sole proprietor. The sole proprietorship was registered as an Investment Adviser Firm from 1995 until 1999, when it was established as an LLC. Karpas Strategies is owned by Matthew Karpas, Karpas Strategies’ Managing Member.
- B. As discussed below, Karpas Strategies offers to its clients (individuals, business entities, trusts, estates, charitable organizations, etc.) investment advisory services. Karpas Strategies **does not** hold itself out as providing financial planning, estate planning or insurance planning services.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage Karpas Strategies to provide discretionary investment advisory services on a *fee only* basis. Karpas Strategies’ annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Karpas Strategies’ management (from negotiable to 1.00%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$5 million	1.00%
Next \$10 million	0.75%
Over \$15 million	0.50% for additional funds

### **MISCELLANEOUS DISCLOSURES**

#### **Limited Consulting/Implementation Services**

Although Karpas Strategies does not hold itself out as providing financial planning, estate planning or insurance planning services, to the extent specifically requested by the client, Karpas Strategies *may* provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. Karpas Strategies shall not receive any separate or additional fee for any such consultation services. Neither Karpas Strategies, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of Karpas Strategies’ services should be construed as same. To the extent requested by a client, Karpas Strategies may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agent, etc.). The client is under no obligation to engage the services of any such recommended professional. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and **not** Karpas Strategies, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client’s responsibility to promptly notify Karpas Strategies if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Karpas Strategies’ previous recommendations and/or services.

### **Portfolio Activity**

Karpas Strategies has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Karpas Strategies will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, a change in the client's investment objective or investment performance. Based upon these factors, there may be extended periods of time when Karpas Strategies determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Karpas Strategies will be profitable or equal any specific performance level(s).

### **Investment Risk**

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Karpas Strategies) will be profitable or equal any specific performance level(s).

### **Client Obligations**

In performing its services, Karpas Strategies shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Karpas Strategies if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Karpas Strategies' previous recommendations and/or services.

### **Cash Positions**

Karpas Strategies continues to treat cash as an asset class. As such, unless determined to the contrary by Karpas Strategies, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Karpas Strategies' advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Karpas Strategies may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Karpas Strategies' advisory fee could exceed the interest paid by the client's money market fund. **ANY QUESTIONS: Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective may have regarding the above fee billing practice**

### **Custodian Charges-Additional Fees**

As discussed at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Karpas Strategies generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including *Schwab* and *Fidelity*, generally do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note:** there can be no assurance that *Schwab* will not change its transaction fee pricing in the future). **Please Also Note:** When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Karpas Strategies and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA

member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a “trade-away” fee charged by *Schwab and/or Fidelity*). These fees/charges are in addition to Karpas Strategies’ investment advisory fee at Item 5 below. Karpas Strategies does not receive any portion of these fees/charges. **ANY QUESTIONS: Karpas Strategies’ Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding the above.**

#### **Borrowing Against Assets/Risks**

A client who has a need to borrow money could determine to do so by using:

- **Margin** - The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client’s brokerage account as collateral; and,
- **Pledged Assets Loan** - In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client’s investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client’s investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Karpas Strategies does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). Karpas Strategies does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Karpas Strategies:

- by taking the loan rather than liquidating assets in the client’s account, Karpas Strategies continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by Karpas Strategies, Karpas Strategies will receive an advisory fee on the invested amount; and,
- if Karpas Strategies’ advisory fee is based upon the higher margined account value (see margin disclosure at Item 5 below), Karpas Strategies will earn a correspondingly higher advisory fee. This could provide Karpas Strategies with a disincentive to encourage the client to discontinue the use of margin.

**Please Note:** The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loan.

#### **Please Note: Retirement Rollovers-Potential for Conflict of Interest:**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse

tax consequences). If Karpas Strategies recommends that a client roll over their retirement plan assets into an account to be managed by Karpas Strategies, such a recommendation creates a conflict of interest if Karpas Strategies will earn new (or increase its current) compensation as a result of the rollover. If Karpas Strategies provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Karpas Strategies is acting as a fiduciary 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. **No client is under any obligation to roll over retirement plan assets to an account managed by Karpas Strategies, whether it is from an employer's plan or an existing IRA. Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Please Note: Socially Responsible Investing Limitations:**

*Socially Responsible Investing* involves the incorporation of **Environmental, Social and Governance** considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (e.g., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Karpas Strategies), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful.

**Please Note: Use of Mutual and Exchange Traded Funds:**

Karpas Strategies utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Karpas Strategies' investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). **Please Note - Use of DFA Mutual Funds:** Karpas Strategies utilizes the mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate Karpas Strategies' services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. **ANY QUESTIONS: Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding the above.**

**Disclosure Statement**

A copy of Karpas Strategies' written Brochure, as set forth on Part 2A of Form ADV, shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*. Any client who has not received a copy of Karpas Strategies' written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement* shall have five business days subsequent to executing the agreement to terminate Karpas Strategies' services without penalty.

### **Assignment**

Neither Karpas Strategies nor the client may assign the *Investment Advisory Agreement* without the prior consent of the other party. Transactions that do not result in a change of actual control or management of Karpas Strategies shall not be considered an assignment.

### **Unaffiliated Private Investment Funds**

Karpas Strategies also provides investment advice regarding private investment funds. Karpas Strategies, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds, the description of which (the terms, conditions, risks, conflicts, and fees, including incentive compensation) is set forth in the fund's offering documents. Karpas Strategies' role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Karpas Strategies calculating its investment advisory fee. Karpas Strategies' fee shall be in addition to the fund's fees. Karpas Strategies' clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

**Please Note:** 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 for review and consideration. Unlike liquid investments that a client may own, 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.

**Please Also Note: Valuation.** In the event that Karpas Strategies references private investment funds owned by the client on any supplemental account reports prepared by Karpas Strategies, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. **Please Also Note:** As a result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Karpas Strategies shall calculate its fee based upon the latest value provided by the fund sponsor.

- C. Karpas Strategies shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, Karpas Strategies will ascertain each client's investment objective(s). Thereafter, Karpas Strategies shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Karpas Strategies' services.
- D. Karpas Strategies does not participate in a wrap fee program.
- E. As of February 29, 2024, Karpas Strategies had \$413,442,392 in regulatory assets under management on a discretionary basis.



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## Item 5 Fees and Compensation

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- A. The client can determine to engage Karpas Strategies to provide discretionary investment advisory services on a *fee only* basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage Karpas Strategies to provide discretionary investment advisory services on a *fee only* basis, Karpas Strategies' annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under Karpas Strategies' management (from negotiable to 1.00%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$5 million	1.00%
Next \$10 million	0.75%
Over \$15 million	0.50% for additional funds

- B. Clients may elect to have Karpas Strategies' advisory fees deducted from their custodial account, or be billed for same. Both Karpas Strategies' *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Karpas Strategies' investment advisory fee and to directly remit that management fee to Karpas Strategies in compliance with regulatory procedures. In the limited event that Karpas Strategies bills the client directly, payment is due upon receipt of Karpas Strategies' invoice. Karpas Strategies may deduct fees and/or bill clients quarterly in advance or arrears, as appropriate, based upon the market value of the assets at the beginning or on the last business day of the previous quarter as appropriate.
- C. As discussed above at Item 4 and below at Item 12, unless the client directs otherwise or an individual client's circumstances require, Karpas Strategies shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). In addition to Karpas Strategies' investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (i.e., management fees and other fund expenses).
- D. Karpas Strategies' annual investment advisory fee shall be prorated and paid quarterly, in advance or in arrears as agreed by Karpas Strategies and the client, based upon the market value of the assets either at the beginning or on the last business day of the previous quarter as appropriate. Karpas Strategies generally requires a minimum account value of \$1,000,000 for investment advisory services. Karpas Strategies, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

If an account is established on any day other than the first day of a calendar quarter, the initial quarterly fee will be based upon the value of the account at the date of opening, adjusted pro rata based upon a 90-day quarter. If assets are added to an account during a calendar quarter, no advisory fee is payable with respect to the added assets until the start of the next quarter. If assets are withdrawn from an account during a calendar quarter, no refund is made with respect to any advisory fees paid in advance for that quarter.

The *Investment Advisory Agreement* between Karpas Strategies and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. In the event that the agreement is terminated for any reason prior to the end of any quarter, the client will be charged/reimbursed for fees earned/paid through the date of termination, on a pro rata basis. No termination of the agreement shall affect or preclude the consummation of any securities transaction initiated by Karpas Strategies prior to the termination of the agreement.

- E. Neither Karpas Strategies, nor its representatives accept compensation from the sale of securities or other investment products.

F. **Fee Dispersion**

Karpas Strategies, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, or waive its fee entirely, or charge a fee on a different interval, based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding advisory fees.

G. **Margin Accounts Risks**

Karpas Strategies **does not** recommend the use of margin for investment purposes. A *margin account* is a brokerage *account* that allows investors to borrow money to buy securities and/or for other non-investment borrowing purposes. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the customer is employing leverage that will magnify both account gains and losses. **Please Note:** The use of margin can cause significant adverse financial consequences in the event of a market correction. **ANY QUESTIONS: Our Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding the use of margin.**

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

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Neither Karpas Strategies, nor any supervised person of Karpas Strategies accepts performance-based fees.

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## Item 7 Types of Clients

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Karpas Strategies' clients shall generally include individuals, business entities, trusts, estates and charitable organizations. Karpas Strategies generally requires a minimum account value of \$1,000,000 for investment advisory services. Karpas Strategies, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

### **Fee Dispersion**

Karpas Strategies, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, or waive its fee entirely, or charge a fee on a different interval, based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

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A. Karpas Strategies may utilize the following methods of security analysis:

- Fundamental (A method of evaluating a company or security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors)

Karpas Strategies may utilize the following investment strategies when implementing investment advice given to clients:

- Long-Term Purchases (securities held at least a year)
- Short-Term Purchases (securities sold within a year)

**Please Note: Investment Risk** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Karpas Strategies) will be profitable or equal any specific performance level(s).

B. Karpas Strategies' methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Karpas Strategies must have access to current/new market information. Karpas Strategies has no control over the dissemination rate of market information; therefore, unbeknownst to Karpas Strategies, certain analyses may be compiled with outdated market information, severely limiting the value of Karpas Strategies' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Karpas Strategies' primary investment strategies - Long-Term Purchases and Short-Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

C. Currently, Karpas Strategies primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds, on a discretionary basis in accordance with the client's designated investment objective(s).

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**Item 9 Disciplinary Information**

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Karpas Strategies has not been the subject of any disciplinary actions.

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

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- A. Neither Karpas Strategies, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Karpas Strategies, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Karpas Strategies has no other relationship or arrangement with a related person that is material to its advisory business.
- D. Karpas Strategies does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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- A. Karpas Strategies maintains an investment policy relative to personal securities transactions. This investment policy is part of Karpas Strategies' overall Code of Ethics, which serves to establish a standard of business conduct for all of Karpas Strategies' representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Karpas Strategies also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Karpas Strategies or any person associated with Karpas Strategies.

- B. Neither Karpas Strategies, nor any related person of Karpas Strategies recommends, buys, or sells for client accounts, securities in which Karpas Strategies or any related person of Karpas Strategies has a material financial interest.
- C. Karpas Strategies and/or representatives of Karpas Strategies *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Karpas Strategies and/or representatives of Karpas Strategies are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Karpas Strategies did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Karpas Strategies' clients) and other potentially abusive practices.

Karpas Strategies has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Karpas Strategies' "Access Persons." Karpas Strategies' securities transaction policy requires that an Access Person of Karpas Strategies must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Karpas Strategies selects; provided, however that at any time Karpas Strategies has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Karpas Strategies and/or representatives of Karpas Strategies *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Karpas Strategies and/or representatives of Karpas Strategies are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Karpas Strategies has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Karpas Strategies' Access Persons.



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## Item 12 Brokerage Practices

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In the event that the client requests that Karpas Strategies recommend a broker-dealer/custodian for execution and/or custodial services, Karpas Strategies generally recommends that investment advisory accounts be maintained at Charles Schwab & Co., Inc. ("Schwab"). Prior to engaging Karpas Strategies to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Karpas Strategies setting forth the terms and conditions under which Karpas Strategies shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Karpas Strategies considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Karpas Strategies, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions (*See* Item 4 above). To the extent that a transaction fee will be payable by the client to Schwab, the transaction fee shall be in addition to Karpas Strategies' investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, Karpas Strategies shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Karpas Strategies determines, in good faith, that the transaction fee is reasonable. 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 broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Karpas Strategies will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

**Research and Benefits:** Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Karpas Strategies can receive from Schwab (or another broker-dealer/custodian, investment manager, platform sponsor, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Karpas Strategies to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by Karpas Strategies can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services (including those provided by unaffiliated vendors and professionals), discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support (including client events), computer hardware and/or software and/or other products used by Karpas Strategies in furtherance of its investment advisory business operations. Certain of the benefits that could be received can also assist Karpas Strategies to manage and further develop its business enterprise and/or benefit Karpas Strategies' representatives.

Karpas Strategies' clients do not pay more for investment transactions effected and/or assets maintained at Schwab as the result of this arrangement. There is no corresponding commitment made by Karpas Strategies to Schwab, or any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

### **Directed Brokerage**

Karpas Strategies recommends that its clients utilize the brokerage and custodial services provided by Schwab. The Firm generally does not accept directed brokerage arrangements (but could make exceptions). A directed brokerage arrangement arises when a client requires that account transactions be effected through a specific broker-dealer/custodian, other than one generally recommended by Karpas Strategies (i.e., Schwab). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Karpas Strategies will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Karpas Strategies. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs Karpas Strategies to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Karpas Strategies. **Please Also Note:** Higher transaction costs adversely impact account performance. **Please Further Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

### **Order Aggregation**

Transactions for each client account generally will be effected independently, unless Karpas Strategies decides to purchase or sell the same securities for several clients at approximately the same time. Karpas Strategies may (but is not obligated to) combine or "batch" such orders for individual equity transactions (including ETFs) with the intention to obtain better price execution, to negotiate more favorable commission rates, or to allocate more equitably among the Firm's clients differences in prices and commissions or other transaction costs that might have occurred had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. In the event that the Karpas Strategies becomes aware that a Firm employee seeks to trade in the same security on the same day, the employee transaction will either be included in the "batch" transaction or transacted after all discretionary client transactions have been completed. The Firm shall not receive any additional compensation or remuneration as the result of such aggregation.

**ANY QUESTIONS: Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**

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### Item 13 Review of Accounts

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- A. For those clients to whom Karpas Strategies provides investment supervisory services, account reviews are conducted at least quarterly by Karpas Strategies' Managing Member, Matthew Karpas. All investment supervisory clients are advised that it remains their responsibility to advise Karpas Strategies of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Karpas Strategies on an annual basis.
- B. Karpas Strategies *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for the client accounts. Karpas Strategies may also provide a written periodic report summarizing account activity and performance.

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**Item 14 Client Referrals and Other Compensation**

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As indicated at Item 12 above, Karpas Strategies can receive from Schwab (and others) without cost (and/or at a discount), support services and/or products. Karpas Strategies' clients do not pay more for investment transactions effected and/or assets maintained at Schwab (or any other institution) as result of this arrangement. There is no corresponding commitment made by Karpas Strategies to Schwab, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as the result of the above arrangement. **ANY QUESTIONS: Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangement.**

Karpas Strategies does not currently compensate anyone for prospective client introductions.

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## Item 15 Custody

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Karpas Strategies shall have the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly. **Please Note:** To the extent that Karpas Strategies provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Karpas Strategies with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Karpas Strategies' advisory fee calculation.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from Karpas Strategies to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination. In addition, an employee of Karpas Strategies serves as a trustee for certain client trusts requiring disclosure at Item 9 of Part 1 of Form ADV. These services and practices result in Karpas Strategies having custody under Rule 206(4)-2 of the Advisers Act. Per the Rule, having such custody requires Karpas Strategies to undergo an annual surprise CPA examination, and make a corresponding Form ADV-E filing with the SEC, for as long as Karpas Strategies provides such services and/or engages in such practices. **ANY QUESTIONS: Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

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## Item 16 Investment Discretion

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The client can determine to engage Karpas Strategies to provide investment advisory services on a discretionary basis. Prior to Karpas Strategies assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Karpas Strategies as the client's attorney and agent in fact, granting Karpas Strategies full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Karpas Strategies on a discretionary basis may, at any time, impose restrictions, **in writing**, on Karpas Strategies' discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Karpas Strategies' use of margin, etc).

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**Item 17 Voting Client Securities**

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Karpas Strategies is responsible for voting client proxies and shall do so in conjunction with the proxy voting administrative and due diligence services provided by Proxy Edge, an unaffiliated nationally recognized proxy voting service of Broadridge Financial Solutions, Inc. (“Broadridge”). However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the assets, including, but not limited to, class action lawsuits. Relative to proxies, Karpas Strategies, in conjunction with the services provided by Broadridge, shall monitor corporate actions of individual issuers and investment companies consistent with Karpas Strategies’ fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, Karpas Strategies may be solicited to vote on matters including corporate governance, adoption, or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Karpas Strategies may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Karpas Strategies (in conjunction with the services provided by Broadridge) shall maintain records pertaining to proxy voting as required under the Advisers Act. Information pertaining to how Karpas Strategies voted on any specific proxy issue is also available upon written request. Any questions regarding Karpas Strategies’ proxy voting policy shall be directed to Matthew Karpas, Chief Compliance Officer of Karpas Strategies.

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**Item 18 Financial Information**

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- A. Karpas Strategies does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Karpas Strategies is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Karpas Strategies has not been the subject of a bankruptcy petition.

**PLEASE ASK ANY QUESTIONS: Karpas Strategies' Chief Compliance Officer, Matthew Karpas, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**