



Neumann Capital Management, LLC

Investment Management & Financial Planning

Item 1 – Cover Page

Neumann Capital Management, LLC

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March 2024

This brochure provides information about the qualifications and business practices of Neumann Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 650.548.9200.

Neumann Capital Management, LLC is registered with the U. S. Securities and Exchange Commission (“SEC”) as an investment adviser. The SEC does not require any minimum level of skill or training to register as an investment adviser. Therefore, you should base your decision to hire or retain an adviser on the information provided by that advisor (both in writing and in discussions and/or interviews). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Neumann Capital Management, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. This site also provides information about any persons affiliated with Neumann Capital Management, LLC who are registered, or are required to be registered as investment adviser representatives of Neumann Capital Management, LLC.

Item 2 – Material Changes

This brochure, dated March 2024, contains the following material updates to our last annual updated brochure (dated March 2023).

- Item 4 – Advisory Business:

Effective 1/1/2024, principal ownership of the Firm transferred fully, in equal share, to Caroline Gorham, CFP®, Ekaterina Atanassov, CFA®, CFP®, and Daniel Platt, CFA®, CFP®.

Currently, our brochure may be requested by contacting Caroline Gorham, CFP®, at 650.548.9200 or caroline@neumanncapital.com. Our brochure is also available on our web site www.neumanncapital.com. There is never any charge for a brochure.

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Item 4 – Advisory Business

Neumann Capital Management, LLC (“NCM”) is an independent wealth management firm that was established in 1990. The principal owners of the firm are Caroline Gorham, CFP®, Ekaterina Atanasov, CFA®, CFP®, and Daniel Platt, CFA®, CFP®.

Ninette Hereford, CFP®, is NCM’s Director of Operations and Client Services. Caroline Gorham, CFP® is the firm’s Chief Compliance Officer.

We manage approximately \$506 million of client assets (as of 12/31/2023) on a discretionary basis (see *Item 16 – Investment Discretion*).

NCM offers two wealth management programs: the *Comprehensive Wealth Management Program* and the *Essential Wealth Management Program*.

Comprehensive Wealth Management Program

NCM provides in-depth investment and financial planning services to our Comprehensive Wealth Management clients. Generally, our services combine portfolio management, financial planning, and financial consultations under a single fee. At the start of your relationship with NCM, you’ll meet with our wealth management team to discuss your specific goals and objectives. We’ll discuss your needs for estate planning, insurance, strategies for gifting, college funding, etc. We’ll have you complete our *Client Questionnaire*. The questionnaire is designed to provide us with detailed information about you. We’ll also help you set up the necessary accounts and transfer your assets to the account custodian we use, Charles Schwab & Co., Inc. (together with its affiliates “Schwab”) (see *Item 12 – Brokerage Practices*).

We’ll prepare a personalized financial plan and an investment policy statement suited to your goals and objectives. We’ll run your financial plan using the Monte Carlo simulation¹ to forecast the likelihood that you’ll have adequate funds to meet your goals. We’ll develop an asset allocation and financial strategy that is tailored to your needs and risk tolerance. We’ll meet and discuss the achievability of your goals and how we plan to assist you in reaching your destination.

We’ll rebalance your portfolio(s) as needed. We’ll choose securities for your portfolio(s) (see *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*).

¹ The Monte Carlo Simulation is based on the realistic assumption that investment returns are never constant. Our modeling simulates both good and bad market returns of various lengths and combinations over decades, running 10,000 simulations. This intricate process helps us understand the return/risk tradeoff that will best fit the specific needs and circumstances of each client.

We'll take into account your tax situation and any restrictions you may have regarding specific securities or types of securities.

Along the way, we'll familiarize you with our reports, review your objectives, and personally answer all of your questions.

Each quarter we'll provide you with reports on your portfolio(s). Periodically, we'll also provide you with information about the market and other topics that relate to financial planning. As needed, we'll meet with you to ensure that we remain on track. We'll re-forecast your financial plan as necessary to meet the needs of different phases of your life or for any changes in your personal priorities. We'll stay the course to help you evaluate all your financial opportunities – like refinancing your mortgage or purchasing a vacation home – analyzing the impact on your ability to realize your goals.

We'll work with your other professional advisors to help ensure that the strategy for managing your wealth remains properly integrated. For instance, we may:

- Contact your CPA to discuss year-end tax planning and/or the tax consequences of various events or transactions.
- Coordinate discussions with your Insurance Agent on your insurance needs.
- Work with your Attorney on estate planning matters.

Essential Wealth Management Program

In addition to the more extensive wealth management services offered to our Comprehensive Wealth Management clients as described above, NCM provides more streamlined portfolio-management-only services to our Essential Wealth Management clients. We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors to operate this automated investment program (the "Program"). SPT is an affiliate of Charles Schwab & Co., Inc. ("CS&Co"), a broker-dealer registered with the U. S. Securities and Exchange Commission ("SEC"), a member of the Financial Industry Regulatory Authority ("FINRA") and a member of the Securities Investor Protection Corporation ("SIPC").²

² This brochure was produced by Neumann Capital Management, LLC ("NCM"). NCM is independent of and has no affiliation with Schwab Performance Technologies ("SPT"), Charles Schwab & Co., Inc. ("CS&Co"), or any of their affiliates (together, "Schwab"). Schwab has not created, supplied, licensed, endorsed, or otherwise sanctioned this brochure nor has Schwab independently verified any of the information in it. Institutional Intelligent Portfolios® is an automated investment management service for independent advisors offered by SPT and available exclusively through independent investment advisory firms like NCM. NCM, not Schwab, is responsible for advising you on the Program, including recommending and selecting a portfolio appropriate for you and managing your portfolio on a discretionary basis. Your portfolio will be held in a brokerage account at CS&Co. "Institutional Intelligent Portfolio" is a registered trademark of Charles Schwab & Co., Inc.

If you retain NCM for access to the Program, you are provided with investment suitability and investment strategy advice but more limited management services that do not include the wealth management, financial planning, financial consultation, or routine in-office meetings and in-depth account reporting provided to our Comprehensive Wealth Management clients. Through the Program, you are offered a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation.

Each participating client's portfolio is held in a brokerage account(s) opened by the client at CS&Co. NCM is independent of and not owned by, affiliated with, sponsored by, or supervised by SPT or CS&Co or any of their other affiliates (together, "Schwab").

Under the Program, NCM, and not Schwab, is your investment advisor and primary point of contact. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for you, choosing a suitable investment strategy and portfolio for your investment needs and goals, and managing that portfolio on an ongoing basis.

NCM has contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables NCM to make the Program available to our clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine your investment objectives and risk tolerance and to select an appropriate investment strategy and portfolio. Please note that a portfolio will be recommended via the System in response to your answers to the online questionnaire. You may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio. Then, together we will make the final decision and select a portfolio based on all the information we have about you. The System also includes an automated investment engine through which we manage your portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if you are eligible and elect it).

NCM charges an investment management fee for our services as described below under *Item 5 Fees and Compensation*. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of the Program. Schwab does receive other revenues in connection with the Program.

Please Note: When we provide investment advice to you regarding your retirement plan account or individual retirement account (IRA), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) 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:

- Give prudent advice - meet a professional standard of care when making investment recommendations
- Give loyal advice - never put our financial interests ahead of yours when making recommendations
- 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
- Give you basic information about conflicts of interest

Service Limitations: Unless expressly agreed to in writing and executed by NCM, we do not provide any services that are not specifically discussed in this brochure.

Client Obligations: In performing its services, NCM shall not be required to verify any information received from you or from your other professionals and is expressly authorized to rely thereon. Moreover, you are advised that it remains your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives for the purpose of reviewing, evaluating, revising our previous recommendations and/or services.

Item 5 – Fees and Compensation

NCM provides services on a fee-only basis. This means that the fees we charge are based on the value of the assets that we manage. We do not get paid commissions on transactions or for selling you products.

Comprehensive Wealth Management Program

Our annual fee is a percentage (%) of the market value of the portfolio, between 0.50% and 0.90%, as follows (minimum \$1,000,000 portfolio required for new clients):

<u>Market Value of Total Portfolio</u>	<u>Annual Fee</u>
Between \$1,000,000 and \$1,999,999	0.90%
Between \$2,000,000 and \$2,999,999	0.80%
Between \$3,000,000 and \$3,999,999	0.70%
Between \$4,000,000 and \$4,999,999	0.60%
Greater than \$5,000,000	0.50%

We charge an annual minimum fee of \$9,000.

Fees are pro-rated and charged each quarter, in arrears, based on the market value of the assets in the portfolio on the last day of the previous quarter.

For example, on a portfolio worth \$2,500,000 at the end of a quarter, the annual fee is \$20,000 ($\$2,500,000 \times 0.80\%$). The fee for that quarter is \$5,000 ($\$20,000 / 4$).

And if that same portfolio is worth \$2,520,000 at the end of another quarter, the fee for that quarter is \$5,040 ($\$2,520,000 \times 0.80\% / 4$).

We send our clients an invoice each quarter. Fees are paid by direct deduction from client accounts. The ability for NCM to directly deduct its fees from client accounts is authorized through the account agreement that clients sign with Schwab, custodian for our clients' accounts (see *Item 12 – Brokerage Practices*). Clients that have authorized their custodian to pay our fees directly from their account are advised that it is the client's responsibility to verify the accuracy of the fee calculation, as Schwab will not determine whether the fee is properly calculated. If agreed upon by NCM, a client may instead pay fees by check. Fees paid by check are due upon receipt of the quarterly invoice.

We may waive the annual minimum fee and/or charge a greater or lesser annual fee based on certain criteria (i.e., historical relationship, type of assets, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, etc.).

The annual fees we charge include portfolio management, financial planning, and consulting services. However, if a client requires extraordinary planning and/or

consultation services, we may determine to charge for such additional services. Such additional charges will be mutually agreed upon in advance and put in writing.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, if any, which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs. Details of the commissions and fees charged by Schwab are available at www.schwab.com.

See *Item 12 – Brokerage Practices* for further description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Essential Wealth Management Program

Our annual fee is 0.90% of the market value of the portfolio. Fees are pro-rated and charged annually, in arrears, based on the market value of the assets in the portfolio on June 30. A minimum of \$5,000 market value per account is required.

For example, on a portfolio worth \$100,000 on June 30 the annual fee would be \$900 (\$100,000 x 0.90%)

We send our clients an invoice annually. Fees are paid by direct deduction from client accounts. The ability for NCM to directly deduct its fees from client accounts is authorized through the account agreement that clients sign with Schwab, custodian for our clients' accounts (see *Item 12 – Brokerage Practices*). It is the client's responsibility to verify the accuracy of the fee calculation, as Schwab will not determine whether the fee is properly calculated.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, if any, which shall be incurred by the client. Mutual funds and ETFs charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

As described in *Item 4 Advisory Business*, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program.

See *Item 12 – Brokerage Practices* for further description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Item 6 – Performance-Based Fees and Side-By-Side Management

NCM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or engage in any side-by-side management.

Item 7 – Types of Clients

Comprehensive Wealth Management Program

NCM provides investment management and financial planning services to individuals, high net worth individuals, trusts, and charitable organizations.

We require a minimum of \$1 million in investable assets for new Comprehensive Wealth Management clients.

Essential Wealth Management Program

Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) are not eligible for the Program.

The minimum initial investment required per account for participation in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

Please Note: As a result of the above minimum account and/or minimum annual fee requirements, NCM’s services may not be appropriate for everyone. Other investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for such services.

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

Comprehensive Wealth Management Program

NCM provides in depth investment services which consider the following factors:

Investment Strategy – Based on your risk tolerance, time horizon, and needs, we develop an investment strategy and determine a target asset allocation for your portfolio.

Research – We use an in-house proprietary process to screen and evaluate available publicly traded investments and build custom diversified portfolios. As part of the research process we utilize analyst reports from a wide variety of research firms, including Goldman Sachs, JP Morgan, Morningstar, etc. All the members of our investment committee have extensive experience and education (see attached brochure supplements).

Strategic Asset Allocation – We believe in strategic asset allocation across multiple asset classes based on the long-term (5 or more years) expectations for returns, risk, and correlations.

Asset Classes We Use in the Portfolios We Manage – In the construction of portfolios, we use investments (individual securities, mutual funds and/or exchange traded funds (ETFs)) in the following asset classes:

- US Equities (large-cap, mid-cap, small-cap)
- Foreign Equities (developed countries, emerging countries)
- US Bonds (investment grade, high-yield, etc.)
- Foreign Bonds (developed countries, emerging countries)
- Alternatives (other investment strategies)

Disciplined Rebalancing – We do not believe in “market timing”. We believe in the discipline of rebalancing portfolios based on changing values and our strategic asset-allocation targets.

Investing versus Trading – We believe in low portfolio turnover to keep transaction costs low and, in taxable accounts, to improve tax efficiency. We strive to hold securities long term.

Essential Wealth Management Program

NCM provides investment services which consider the following factors:

Investment Strategy – Based on your risk tolerance and needs, we determine a target asset allocation for your portfolio and select a suitable Model Investment Strategy from the models we have created for our Essentials Wealth Management clients.

Research – We have extensive experience and education (see the attached brochure supplements). We have access to analyst reports from a wide variety of research firms, including Goldman Sachs, JP Morgan, Morningstar, etc.

Strategic Asset Allocation – We believe in strategic asset allocation across multiple asset classes based on the long-term (5 or more years) expectations for returns, risk, and correlations.

Asset Classes We Use in the Portfolios – In the construction of portfolios, we use exchange traded funds (ETFs) in the following asset classes:

- US Equities (large-cap, mid-cap, small-cap)
- Foreign Equities (developed countries, emerging countries)
- US Bonds (investment grade, high-yield, etc.)
- Foreign Bonds (developed countries, emerging countries)

Please Note: Investment Risk. All securities investments carry risk, including the risk that you may lose a part or all of your investment. Risk refers to the uncertainty of whether the actual return you realize will meet the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect that market as a whole. Systematic risks include market risk, inflation risk, interest rate risk, liquidity risk, and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These include business risk and financial risks.

Past performance of the securities markets and investment strategies is not a guarantee of future performance. Do not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies that we recommend or undertake) will be profitable or equal any specific performance level(s).

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of that adviser or the integrity of that adviser's management.

NCM has no legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

NCM does not engage in any financial industry activities outside of those described in this brochure.

However, we may recommend the services of other professionals, e.g., attorneys, accountants, insurance agents, etc. We have no affiliation with any of these recommended professionals and you are under no obligation to engage their services. You retain absolute discretion over all such decisions and are free to accept or reject any recommendation from us. Of course, you are responsible for any fees they charge for their services should you decide to engage them.

Item 11 – Code of Ethics

NCM has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to:

- Confidentiality of client information
- Prohibition on insider trading
- Restrictions on the acceptance of significant gifts
- Personal securities trading procedures

All employees of NCM must acknowledge the terms of the Code of Ethics annually, or as amended.

Employees are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, and employees of NCM may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with:

- Making decisions in the best interest of advisory clients, and
- Implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of our clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held

by an employee. Employee trading is monitored under the Code of Ethics and to reasonably prevent conflicts of interest between NCM and its clients.

Our employees may trade in the same securities with our client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the employee accounts and the client accounts will receive securities at a total average price. We will retain records of the trade ticket (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated trade. Completed trades will be allocated as specified in the initial trade ticket. Partially filled trades will be allocated on a pro-rata basis. Any exceptions will be explained on the trade ticket.

Our clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Ninette Hereford, CFP® at 650-548-9200.

It is NCM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. NCM will also not cross trades between client accounts.

- Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys any security from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account.
- An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

The Custodian and Brokers We Use

Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. If your assets include a participant account in the retirement plan sponsored by your employer (the Plan), it will be maintained at the qualified custodian selected by that Plan.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your portfolio assets in a brokerage account(s). While we require that you use

Schwab as your custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below (see *"Our Interest in Schwab's Services"*). You should consider those conflicts of interest when selecting your custodian.

We do not open the account for you, although we can assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your portfolio. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see *"Your Brokerage and Custody Costs"* below).

How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold your portfolio assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (electronic funds transfers, wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and other clients
- Availability of other products and services that benefit us (see *"Products and Services Available to Us From Schwab"*, below)

Your Brokerage and Custody Costs

Comprehensive Wealth Management Program

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or fees on trades that it executes or that settle into your Schwab account. Certain trades (e.g., stocks, ETFs, and many mutual funds) may not incur Schwab commissions or transactions fees. Schwab is also compensated by earning interest on the uninvested cash in your portfolio in Schwab's Cash Feature Program. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away fee" for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*", above).

You may direct us to use a particular broker-dealer to execute some or all transactions for your portfolio, subject to our right to decline and/or terminate the arrangement. In such event, you will negotiate terms and arrangements for the account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" your transactions for execution through other broker-dealers with orders for other accounts we manage. As a result, you 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.

We may (but are not obligated to) combine or "batch" client orders to obtain "best execution," to negotiate more favorable commission rates, or to allocate equitably among our clients differences in prices and commissions or other transaction costs that might have been obtained had the orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

Essential Wealth Management Program

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services. Schwab may aggregate purchase and sale orders for

ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

Products and Services Available to Us From Schwab

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets at Schwab. The following is a more detailed description of Schwab's support services:

Services That Benefit You – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You – Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your portfolio. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data
- Facilitates trade execution and allocates aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates payment of our fees from our clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us – Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational webinars, conferences, and events

- Consulting on technology, compliance, legal, and business needs
- Publications, webinars, and conferences on practice management and business succession
- Access to employee benefit providers, human capital consultants, and insurance providers

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum gives us an incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see *"How We Select Brokers/Custodians"*, above) and not Schwab's services that benefit only us. We have significantly more than the required minimum in client assets under management at Schwab and we do not believe that requiring our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Third-Party Trade Data Services

NCM is aided in its ongoing client account monitoring and management services by the use of third-party portfolio and trade data management software and services. Such third-party services provide linked access to client custodial accounts and trade activity and provide "cloud" storage of such data on their secure computer servers on behalf of NCM. We only share non-public client information with non-affiliated third parties when we believe it necessary for our provision of services to you or to maintain your account.

Ninette Hereford, CFP®, is available to address any questions that you may have regarding the above arrangements and any corresponding perceived conflict of interest any such arrangements may create.

Item 13 – Review of Accounts

Comprehensive Wealth Management Program

NCM reviews client portfolios on an ongoing basis. Reviews are conducted by member(s) of the firm's Investment Committee (see *Item 4 – Advisory Business*).

Accounts are reviewed to determine whether the asset allocation remains in line with the target allocation and needs of each client. This includes reviewing the allocation to each asset class (equities, fixed income, alternatives, cash, etc.) and reviewing the allocation within each class (industries, sectors, size of companies, domestic vs. foreign, etc.).

As necessary due to your specific circumstances or at your request, accounts are also reviewed to determine how best to:

- Invest funds that have been added to the portfolio
- Generate specific gains or losses for tax purposes
- Raise cash for a specific need

Please remember that it remains your responsibility to advise us of any changes in your investment objectives and/or financial situation. You are encouraged to review with us, either in person or by phone, financial planning issues, investment objectives, and account performance on an annual basis.

You are provided with transaction confirmation notices and regular summary account statements directly from Schwab, the broker-dealer/custodian for the accounts that we manage (see *Item 15 – Custody*).

NCM provides each client with quarterly reports that summarize account holdings and performance. These reports are delivered electronically or sent in the mail as requested by clients.

Essential Wealth Management Program

NCM reviews Program accounts at least annually. Reviews are conducted by member(s) of the firm's Investment Committee (see *Item 4 – Advisory Business*). All trade confirmations, account records and reports, if any, are provided to each client by Schwab online through the Program platform.

Please remember that it remains your responsibility to advise us of any changes in your investment objectives, risk tolerance and/or financial situation.

Item 14 – Client Referrals and Other Compensation

We do not receive any compensation for referring clients or for providing investment advice to clients other than the annual fee (or mutually agreed upon additional charges) that we charge directly to clients.

We do not make any payments for receiving referrals of new clients.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 – Custody

Schwab maintains physical custody of our clients' assets (see *Item 12 – Brokerage Practices*). However, under SEC regulations, we will be deemed to have custody of your assets if you give us authority to withdraw our advisory fees directly from your account or if, by executing Schwab paperwork, you issue a standing letter of authorization (SLOA) for us to make certain third-party transfers on your behalf. NCM does not maintain "full" custody of client assets.

Clients are provided with account statements directly from Schwab at least quarterly. We urge you to carefully review such statements. Clients in the Comprehensive Wealth Management Program should also compare them to the portfolio reports that we provide. Our reports may vary from Schwab's statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Comprehensive Wealth Management Program

At the outset of an advisory relationship, NCM receives discretionary authority from our clients (over their accounts at Schwab) to make all decisions on:

- Which securities to buy and sell
- When to buy and sell those securities
- The amounts of those securities to buy and sell

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client portfolio. And, when selecting securities and determining amounts to buy or sell, we observe the investment policies, limitations, and restrictions of our clients.

You give us discretionary authority over your accounts by executing Schwab's required account agreements. Any investment guidelines and/or restrictions you impose must be provided to us in writing.

On occasion NCM accepts a client account(s) on a non-discretionary basis. In these instances, our portfolio manager will make recommendations to the client regarding types of investments to buy and sell, the timing and amount of such transactions and where applicable, the executing broker-dealer to affect the transactions. The decision to implement or reject the portfolio manager's recommendations remains with the client, who must also enter the transactions.

Essential Wealth Management Program

At the outset of an advisory relationship, NCM receives discretionary authority from our clients (over their accounts at Schwab) to make all decisions on:

- Creating, monitoring, maintaining, and updating the Model Investment Strategy used by the Program
- Establishing a target asset allocation for asset classes to be included in the Model Investment Strategy

This means that each time NCM updates the Model Investment Strategy, your asset allocation and/or the specific securities holdings in your portfolio will automatically be brought into alignment with the updated Model Investment Strategy through the purchase and sale of designated securities.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, NCM does not have any authority to and does not vote proxies on behalf of our clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in the accounts that we manage. NCM may provide advice to clients regarding the clients' voting of proxies. Clients are provided with proxy material and/or other solicitations directly from Schwab. To the extent possible from the issuers of their securities, clients may choose to receive this material electronically from Schwab. You may contact Ninette Hereford, CFP®, to obtain a copy of our proxy voting policies and procedures or to ask questions about them.

Item 18 – Financial Information

NCM does not require or solicit prepayment of its management fees from clients in advance. There are no adverse conditions related to NCM's finances that are likely to impair its ability to meet its contractual commitments to its clients. NCM has never been the subject of a bankruptcy filing.