

*Cover Page*

*Charter Advisory Corporation*

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*March 28, 2024*

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Charter Advisory Corporation. If you have any questions about the contents of this Brochure, please contact Michael J. Kelley at (317) 844-7416 or via email at [mkelley@charteradvisory.com](mailto:mkelley@charteradvisory.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.

Charter Advisory Corporation is an SEC Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Charter Advisory Corporation is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## *Material Changes*

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Investment advisors must update the information in their firm brochure at least annually. In lieu of providing clients with an updated brochure each year, we will provide Charter Advisory Corporation's existing advisory clients with this summary page describing any material changes since the last annual update of the brochure. We will deliver a brochure or summary each year to existing clients within 120 days of the close of Charter Advisory Corporation's fiscal year. Clients wishing to receive a complete copy of the current brochure may request a brochure by contacting Michael J. Kelley at (317) 844-7416 or via email at [mkelley@charteradvisory.com](mailto:mkelley@charteradvisory.com).

We have no material changes from the prior brochure dated March 29, 2023.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Additional information about Charter Advisory Corporation is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Charter Advisory Corporation who are registered, or are required to be registered, as investment adviser representatives of Charter Advisory Corporation.

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## *Services, Fees and Compensation*

Charter Advisory Corporation (hereinafter "Charter" or the "Firm"), offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. Charter's services and fee arrangements are described in the following pages.

Charter is a corporation formed under the laws of the State of Indiana. Charter has been conducting advisory services since 1979. Michael J. Kelley is the principal owner and President of Charter Advisory Corporation. This narrative provides clients with information regarding Charter and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of Charter.

Individuals associated with Charter will provide its investment advisory services. These individuals are authorized to provide advisory services on behalf of Charter. Such individuals are known as Investment Adviser Representatives (IARs).

IARs with Charter are registered representatives of LPL Financial, a licensed full service securities broker/dealer and investment adviser under federal and state securities laws, located in Boston, Massachusetts. LPL Financial is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Securities transactions for LPL's brokerage clients are executed through LPL. Charter is not an affiliate of LPL Financial.

### **Charter's Investment Advisory Services**

Charter provides investment advisory services to its clients on a discretionary and non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Account management is guided by the stated objectives of the client. In addition, the Adviser considers the client's risk profile and financial status prior to making any recommendations.

Management fees are paid quarterly in advance. Fees are due on the first day of the billing quarter and may be billed directly to the client or deducted from the advisory account. Fees are based on the account's asset value as of the last business day of the prior billing quarter and are prorated for accounts opened during the quarter.

The maximum fee that Charter will charge is 2.5% annually. Fees are negotiable and will be reviewed with each client to discuss the scope prior to entering into an agreement.

An advisory client will have a period of five (5) business days from the date of signing the investment management agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the agreement with 30 days written notice.

The account custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12b (1) fees and other mutual fund annual expenses as described in each fund's prospectus. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

Although clients do not pay a transaction charge for transactions in a SWM account, clients should be aware that the IAR pays LPL transaction charges for those transactions. The transaction charges paid by the IAR vary based on the type of transaction (e.g., mutual fund, equity or ETF) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or recordkeeping fees to LPL. Transaction charges paid by the IAR for equities and ETFs are \$9. For mutual funds, the transaction charges range from \$0 to \$26.50. Because the IAR pays the transaction charges in SWM accounts, there is a conflict of interest in cases where the mutual fund is offered at both \$0 and \$26.50. Clients should understand that the cost to the IAR of transaction charges may be a factor that the IAR considers when deciding which securities to select and how frequently to place transactions in a SWM account.

In many instances, LPL makes available mutual funds in a SWM account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as "Class I," "institutional," "investor," "retail," "service," "administrative" or "platform" share classes ("Platform Shares"). The Platform Share class offered for a particular mutual fund in SWM in many cases will not be the least expensive share class that the mutual fund makes available, and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Client should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through SWM II. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing brokerage-related services to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time, and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

The IAR has a financial incentive to recommend Class A Shares in cases where both Class A and Platform Shares are available. Although the client will not be charged a transaction charge for transactions, the IAR pays LPL a per transaction charge for mutual fund purchases and sales in the account. The IAR generally does not pay transaction charges for Class A Share mutual fund transactions accounts, but generally do pay transaction charges for Platform Share mutual fund transactions. The cost to the IAR of transaction charges generally may be a factor the IAR considers when deciding which securities to select and whether or not to place transactions in the account.

The lack of transaction charges to the IAR for Class A Share purchases and sales, together with the fact that Platform Shares generally are less expensive for a client to own, present a significant conflict of interest between the IAR and the client. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees when negotiating and discussing with your IAR the advisory fee for management of an account.

Charter manages assets on a discretionary or nondiscretionary basis. As of December 31, 2023, Charter managed \$319,216,086 of client assets of which, \$267,933,135 in 935 accounts are managed on a discretionary basis and \$51,282,951 in 19 accounts are managed on a non-discretionary basis.

### ***Performance-Based Fees and Side-By-Side Management***

The fees charged are calculated in the previous Fee and Compensation section, and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

### ***Account Requirements and Types of Clients***

Charter offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Investments in the Charter Investment Advisory Services program do not require a minimum account size, however accounts will be reviewed by Charter on a periodic basis for suitability based on account size, allocations and frequency of trades. Charter reserves the right to discontinue or terminate advisory services for any account that is not deemed economical or suitable.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Charter will evaluate securities based on a fundamental or technical analysis using charts or cyclical studies.

Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. The primary risk of fundamental analysis is that estimates of intrinsic value might be incorrect.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. The primary risk of Technical analysis is that past market performance is not always an indicator of future market performance.

Each client will meet with Charter to discuss the specific investment strategy to be used such as long-term purchases, short term purchases, trading (securities sold within 30 days), margin and option trades. Charter may advise its investment advisory clients on other partnership investments such as mining precious metals, agricultural business, cable TV, equipment leasing and/or venture capital.

Securities and other types of investments all involve different types and levels of risk that the client should be prepared to bear. Frequent trading can effect investment performance, particularly through increased brokerage and other transaction costs and taxes. Investment risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their accounts.

Clients must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with clients, Charter attempts to identify the balance of risks and rewards that is appropriate and comfortable for the client. It is still the client's responsibility to ask questions if he or she does not fully understand the risks associated with any investment. Clients are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

Charter cannot assure clients that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

### ***Client Information Provided to Portfolio Managers***

In opening an advisory account, IARs obtain the necessary financial data from the client, assist the client in determining the suitability of the Charter program and assists the client in setting appropriate investment objectives.



### *Client Contact with Portfolio Managers*

Clients may contact the IAR directly to discuss their accounts in detail.

### *Disciplinary Information*

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

Charter has no information applicable to this Item.

### *Other Financial Industry Activities and Affiliations*

IARs of Charter are separately licensed as registered representatives of LPL Financial. In this capacity, associated persons are involved in the sale of securities of various types, including, but not limited to stocks, bonds, mutual funds, variable annuities, and limited partnerships. In addition, associated persons may also be involved in the sale of insurance products. As such, associated persons can effect transactions in insurance products for clients and earn commissions for these activities.

All compensation received by IARs of Charter for securities transactions through LPL Financial will be separate, yet customary for effecting securities transactions, including 12b-1 fees for the sale of investment company products. IARs may make differing recommendations with respect to the same securities or insurance products to different advisory clients. All recommendations made are specific to each client's individualized needs and current financial situation.

IARs, in their function as registered representatives and/or insurance agents, will effect securities transactions through LPL Financial. If an advisory client implements recommendations made by the associated person by purchasing securities or other products through LPL Financial, the IAR of Charter, in their separate capacity as a registered representative of LPL Financial will receive additional compensation in the form of commissions, including 12b- 1 fees for the sale of investment company products.

Certain IARs of Charter may be licensed as a CPA and/or an insurance agent and are affiliated with accounting firms and/or insurance agencies. Compensation may be received for these services, including fees for accounting services performed and commissions on insurance products provided. As part of their practice, financial recommendations may be made to clients of Charter by the CPA and/or insurance agent. Charter's clients are advised that they are under no obligation

to act on these recommendations and have total freedom to implement recommendations through any investment advisor of their choosing.

Charter's clients are advised that they have total freedom to implement recommendations through any broker/dealer of their choosing.

As part of their fiduciary duty, Charter, and its associated persons endeavor at all times to put the interest of the client first, clients should be aware that receipt of additional compensation itself creates a potential conflict of interest.

### ***Code of Ethics***

IARs of Charter may purchase the same securities or other products recommended to clients for their own account. At no time will such a transaction be of such a size to influence the market for the security. Records of any such transactions are available for review.

Charter or individuals associated with Charter may buy or sell – for their personal account(s) investment products identical to those recommended to clients. As these situations may represent a conflict of interest, Charter has established a code of ethics, the full text of which is available upon request; and it includes the following restrictions in order to ensure Charter's fiduciary responsibilities:

- Charter emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account.
- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, because of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry.
- No associated person of Charter shall prefer his or her own interest to that of the advisory client. Where suitable, investment opportunities must be offered first to clients before Charter or associated persons may participate in such transactions.
- Charter requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to termination.

Charter also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Charter or any associated person.

Charter's clients or prospective clients may request a copy of Charter's Code of Ethics by contacting Michael J. Kelley at (317) 844-7416 or via email at [mkelley@charteradvisory.com](mailto:mkelley@charteradvisory.com).

It is Charter's policy that Charter will not affect any principal or agency cross securities transactions for client accounts. Charter 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 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.

### **Privacy Policies**

Charter views protecting its clients' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, Charter has instituted policies and procedures to ensure that client information is kept private and secure.

Charter does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, Charter may share some information with its service providers, such as transfer agents, custodians, broker/dealers, accountants and lawyers.

Charter restricts internal access to nonpublic personal information about the client to those employees who need to know that information in order to provide products or services to the client. As emphasized above, it has always been and will always be Charter's policy never to sell information about current or former clients or their accounts to anyone. It is also Charter's policy not to share information unless required to process a transaction, at the request of a client, or as required by law.

## ***Brokerage Practices***

Charter will recommend that a client in need of brokerage and custodial services utilize LPL Financial. Client may be able to obtain lower commissions and fees from other brokers.

Associated persons of Charter are also registered as representatives of LPL Financial, a broker/dealer and a member of FINRA and SIPC. LPL Financial is required to supervise the securities trading activities of its representatives.

Clients are required to select a broker/dealer for participation in all advisory programs offered by Charter; IARs do not have the discretionary authority to determine the broker/dealer to be used or the commission rates to be paid. Therefore, Charter reserves the right not to accept a client account if the client chooses to select a broker or dealer other than LPL Financial. Due to the nature of its advisory services, Charter does not have the authority to negotiate commissions or obtain volume discounts, although Charter will endeavor to achieve best execution of transactions.

## ***Review of Accounts***

The IAR reviews the client's portfolio periodically by reviewing all security positions held by clients under the IAR's supervision. Triggering factors of additional reviews may include changes in client circumstances, changes in world or economic events, and changes to the models used to construct client portfolios, among others. IARs also review accounts continuously in light of changing market conditions. Changes in the tax code or tax rulings also trigger reviews for any impact on client portfolios and other tax consequences. Additionally, client portfolios are reviewed and rebalanced periodically to maintain the asset allocation designations for the account.

For Charter Investment Advisory services, clients will receive quarterly portfolio reports from the custodian, LPL.

## ***Client Referrals and Other Compensation***

### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms ("Promoters") for introducing clients to us. Whenever we pay a referral fee, we require the Promoter to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Promoter's name and relationship with our firm;
- the fact that the Promoter is being paid a referral fee;

- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Promoter.

As a matter of firm practice, the advisory fees paid to us by clients referred by Promoters are not increased as a result of any referral.

### *Custody*

Clients should receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains client's investment assets. Charter urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### *Investment Discretion*

For Charter Investment Advisory accounts, clients may grant Charter authorization to manage client's account on a discretionary basis. Discretionary authorization provides Charter the ability to determine the securities to be purchased and sold and when such securities are purchased and sold. Client will grant such authority to Charter by execution of the client agreement. Where Charter enters into non-discretionary arrangements with clients, Charter will obtain client approval prior to the execution of any trade.

### *Voting Client Securities*

Charter will not vote proxies on behalf of client accounts. Although, on rare occasions and only at the client's request, Charter may offer clients advice regarding corporate actions and the exercise of proxy voting rights/material.

### *Class Action Lawsuits*

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Charter has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Charter has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Charter receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

### ***Financial Information***

Registered investment advisers are required to provide you with certain financial information or disclosures about Charter's financial condition. Charter has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.