

# Eaton-Cambridge Inc.

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March 19, 2024

This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Eaton-Cambridge Inc. If you have any questions about the contents of this Disclosure Brochure, please contact us at (480) 385-7399 and/or [marc@eatoncambridge.com](mailto:marc@eatoncambridge.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Eaton-Cambridge Inc. (CRD# 116798) is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching our firm name or our CRD# 116798.

Any references to Eaton-Cambridge Inc. as a registered investment advisor or its related persons as registered advisory representatives does not imply a certain level of skill or training.

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**Item 2 - Material Changes**

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of Eaton-Cambridge. The Brochure Supplement is separate, but will typically be provided in connection with this Disclosure Brochure.

Eaton-Cambridge believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. Eaton-Cambridge encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

Since our last Annual ADV update dated March 28, 2023, we have no material changes to report.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD #116798. You may also request a copy of this Disclosure Brochure at any time, by contacting our office at 480-385-7399.

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#### **Item 4 - Advisory Business**

Eaton-Cambridge Inc. ("Eaton-Cambridge" or the "Advisor") is an investment advisory firm offering a variety of advisory services customized to your individual needs. The services are more fully described below.

Eaton-Cambridge Inc. was initially founded in 1998 under the business name Cambridge Wealth Management, Inc. In September 2012, Cambridge Wealth Management, Inc. changed its name to Eaton-Cambridge Inc. Eaton-Cambridge is owned by Robert Korljan (Founder, President and Wealth Management Advisor) and Marc Giannone (Partner, Wealth Management Advisor, and Chief Compliance Officer).

Eaton-Cambridge offers the following advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations and business entities (each a "Client" and also referred to as "you"). As previously stated, each of the services is more fully described below.

- Investment Management Services
- Selection of Third-Party Money Managers, Platforms and Programs
- Financial Planning Services
- Tax Services
- Advisory Services to Retirement Plans

##### Investment Management Services

Eaton-Cambridge provides investment management services to individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations, corporations or other businesses that are tailored to meet the needs and investment objectives of the client. We offer discretionary portfolio management services. Subject to any written guidelines, which you may provide, you will grant us discretion and authority to manage your account. Accordingly, our firm is authorized to perform various functions, at your expense, without further approval from you. Such functions include the determination of securities to be purchased or sold and the amount of securities to be purchased or sold. We primarily recommend mutual funds and exchange-traded funds ("ETFs") and individual stocks in limited circumstances. Once the portfolio is constructed, we provide continuous supervision and re-optimization of the portfolio as changes in market conditions and your circumstances may require. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

##### Selection of Third-Party Money Managers, Platforms and Programs

We have entered into agreements with various third-party investment advisors for the provision of certain investment advisory services. Factors considered in the selection of a third-party advisor include but may not be limited to: i) Our firm's preference for a particular third-party advisor; ii) the client's risk tolerance, goals and objectives, as well as investment experience; and, iii) the amount of client assets available for investment. In order to assist clients in the selection of a third-party advisor, we will typically gather information from you about your financial situation and investment objectives in regard to the management of the account.

The third-party advisor may customize your portfolio by blending traditional investment strategies with an allocation to asset classes. The investment strategy adopted by the third-party advisor could include value, growth, or contrarian investing styles. Generally, securities transactions will be decided upon and executed by the third-party advisor on a discretionary basis. This means that the manager selected will have the ability

to buy and sell securities in your account without obtaining your approval. We will not manage or obtain discretionary authority over the assets in accounts participating in these programs. Generally, clients may not impose restrictions on investing in certain securities or types of securities in accounts managed by a third-party advisor.

We will periodically review reports provided to the client. We will contact the client at least annually, or more often to review your financial situation and objectives, communicate information to the third-party advisor managing the account as necessary, and, to assist you in understanding and evaluating the services provided by the third-party advisor. Please notify us of any changes in your financial situation, investment objectives, or account restrictions.

A complete description of the services provided, the amount of total fees, the payment structure, termination provisions and other aspects of the third-party advisor's advisory business are detailed and disclosed in: i) the third-party advisor's Form ADV Part 2A; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager(s) selected; or, iv) the third-party advisor's account opening documents. A copy of all relevant disclosure documents of the third-party advisor and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.

#### Financial Planning Services

We offer various financial planning related services, which assist our clients in the management of their financial resources. Financial planning services are based upon an analysis of your individual needs and begin with one or more information gathering consultations. Once we collect and analyse all documentation gathered during these consultations, we provide a financial plan designed to achieve your financial goals and objectives. In this way, Eaton-Cambridge assists you in developing a strategy for the successful management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following:

- Cash Flow Analysis – Assessment of your present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements, etc. The firm advises on ways to reduce risk, coordinate, and organize records, and estate information.
- Retirement Analysis – Identification of your long-term financial and personal goals and objectives including advice for accumulating wealth for retirement income or appropriate distribution of assets following retirement.
- Portfolio Analysis/Investment Planning – We provide investment alternatives, including asset allocation, and effect on your portfolio. We evaluate economic and tax characteristics of existing investments as well as their suitability for your objectives.
- Education Savings Analysis – Alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education.
- Estate Analysis – We provide advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques.

The recommendations and solutions are designed to achieve your desired goals, subject to periodic evaluation of the financial plan, which may require revision to meet changing circumstances. Financial plans are based on your financial situation based on the information provided to the firm. We should be notified promptly of any change to your financial situation, goals, objectives, or needs.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory or brokerage provider of your choice.

#### Advisory Services to Retirement Plans

Eaton-Cambridge provides advisory services to qualified retirement plans. Our retirement plan services are designed to assist in the investment management process for employers. Eaton-Cambridge provides investment advisory services and assists plan fiduciaries with plan management. Pursuant to the terms of an agreement with the client, Eaton-Cambridge may serve as an ERISA Section 3(38) Investment Manager for investment selection, monitoring and construction of model investment portfolios. Eaton-Cambridge will also provide recommendations regarding the frequency of rebalancing of the plan participant portfolios. In providing such services, we generally use the same investment strategies and construct similar portfolios as those used with our individual investment management clients. Eaton-Cambridge's range of services includes:

- Investment selection, monitoring and model portfolio construction with rebalancing.
- Plan analysis to ensure the plan provisions align with the employer's goals and objectives.
- Employee education meetings, at least annually to educate participants regarding plan provisions, investment options, and the importance of planning for retirement.

In providing services to the Plan, our status is that of an investment advisor registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

Plan Participants who wish to engage our firm for individualized financial planning or consulting services outside the scope of the qualified plan may do so by executing a separate agreement, including separate fees and fee payment arrangements, with our firm.

#### Pontera

We use a third-party platform (Pontera) to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Advisor will review the current account allocations. When deemed necessary, Eaton-Cambridge will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly, and allocation changes will be made as deemed necessary.

#### Types of Investments

Eaton-Cambridge reserves the right to advise you on any other type of investment that it deems appropriate based upon your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of the advisory relationship or on any investment on which you request advice.

### Educational Seminars and Newsletters

Eaton-Cambridge may periodically provide educational seminars for its current and potential clients. While the content may be informed by current events and emerging financial planning related issues, these seminars will be educational in nature and will not be tailored to any individual client's needs but rather give general information. Access to these seminars will be free to all current and potential clients. Eaton-Cambridge does also provide occasional newsletters to clients at no charge.

### Assets Under Management

As of December 31, 2023, we manage \$319,886,737 in client assets on a discretionary basis, and \$0 in client assets on a non-discretionary basis. Eaton-Cambridge does not have trading authority over the assets placed with third party managers but oversees the management of the assets and the suitability of the management program selected by the Client.

## **Item 5 - Fees and Compensation**

### Investment Advisory Services

Investment advisory fees will be charged in advance, on a calendar quarterly basis, based upon the value of your portfolio on the last business day of the just completed calendar quarter. Accounts managed for a part of the quarter will be charged a prorated portion of the investment advisory fees for the quarter. Therefore, account(s) opened during the quarter will be initially charged a pro-rated portion of the investment advisory fee. Accounts closed during the quarter will be issued a pro-rated refund of the prepaid investment advisory fee.

Fees will not be adjusted for additional assets deposited into the account(s) after it is opened or for partial withdrawals from the account(s) during a calendar quarter. No fee adjustments will be made for appreciation or depreciation in your account(s).

The investment advisory fees payable upon initial implementation of the account(s) may be paid by you upon receipt of the invoice from Eaton-Cambridge or collected directly from the account(s) you have designated. You will provide authorization to Eaton-Cambridge to withdraw its advisory fees in the investment advisory agreement you will execute with Eaton-Cambridge. Investment advisory fees for all subsequent periods will be charged to and collected directly from your account(s). Additionally, you will be provided with an account statement reflecting the deduction of the investment advisory fee by your custodian. If the account(s) does not contain sufficient funds to pay investment advisory fees, Eaton-Cambridge has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account(s) for investment advisory fees paid to Eaton-Cambridge, except for ERISA and IRA accounts.

The investment advisory fee schedule is progressive. Therefore, you will pay a fee at each asset level. For example, if you and your spouse have 3 accounts valued at \$500,000, \$500,000 and \$3,000,000 with a total combined value of \$4,000,000, your fee will be calculated as follows:

\$500,000	x	1.50%	=	\$7,500
\$500,000	x	1.00%	=	\$5,000
<u>\$3,000,000</u>	x	0.70%	=	<u>\$21,000</u>
\$4,000,000				\$33,500 annually

Quarterly fee:

$$\$33,500 / 4 = \$8,375$$

<b>Account Size</b>	<b>*Maximum Annual Fee (%)</b>
First \$500,000	1.50%
Next \$500,000	1.00%
Next \$3,000,000	0.70%
Over \$4,000,000	0.50%

Fees are negotiable at the sole discretion of the Advisor. Your fees will be dependent on several factors including time spent with Eaton-Cambridge, number of meetings, complexity of your situation, amount of research, services requested, staff resources, investment assets and non-investment income. Eaton-Cambridge may change the above fee schedule upon 30-days prior written notice to you. In such instances, the Client and Eaton-Cambridge will first enter into a new investment advisory agreement validating the new fee schedule. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of a Client's account(s).

For our Tax Services they may or may not be included as part of the advisory services. If we do charge a fee for tax services, the exact fee will be reflected in an agreement between Eaton-Cambridge and the Client.

**Notice to California Clients:** The Client may be able to attain similar services for a lower fee from other service providers (required disclosure under Rule 260.238(j)).

#### Other Fees and Expenses

In addition to the investment advisory fees above, you may pay transaction fees for securities transactions executed in your account(s) in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by Eaton-Cambridge and are charged by the product, broker/dealer or account custodian. Eaton-Cambridge does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund advisor's fee of any mutual fund they purchase. Such fees are not shared with Eaton-Cambridge and are compensation to the mutual fund manager. You should read the mutual fund prospectus prior to investing. The Client should review both the fees charged by the mutual fund(s) and the fees charged by Eaton-Cambridge to fully understand the total fees to be paid.

#### Termination Provisions – Investment Advisory Services

You may terminate investment advisory services obtained from Eaton-Cambridge, without penalty, upon written notice within five (5) business days after entering into the investment advisory agreement with Eaton-Cambridge. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account(s) such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, either party may terminate investment advisory services upon Eaton-Cambridge's receipt of either parties' written notice to terminate the agreement. Should you terminate investment advisory services during a calendar quarter, you will be issued a pro-rated refund of the investment advisory fee from the date of termination to the end of the calendar quarter.

#### Planning and Consulting Services

Fees for planning and consulting services are as follows:

<b>Fee Type</b>	<b>Maximum Fee</b>	<b>Payable</b>
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Financial Planning Fees	\$2,500 to \$10,000	The entire fee is due upon execution of the Agreement between the Client and Eaton-Cambridge. Services will be completed within six (6) months.
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#### Termination Provisions – Planning and Consulting Services

You may terminate planning and consulting services obtained from Eaton-Cambridge, without penalty, upon written notice within five (5) business days after entering into the planning or consulting agreement with Eaton-Cambridge. Thereafter, either party may terminate advisory services by providing the other party written notice of the request to cease and terminate services. You will be responsible for any time spent by Eaton-Cambridge. Any refunds due to you will be calculated based on time Eaton-Cambridge has invested on your situation and services provided.

#### Pontera

Pontera, Inc. does not have trading authority on the held away account and will be paid by Eaton-Cambridge directly. Pontera does not bill nor invoice Eaton-Cambridge clients. Eaton-Cambridge bills Eaton-Cambridge clients directly. Pontera only communicates trading actions when directed by the Firm to Pontera. In order to facilitate order communications, Pontera will apply the percentage allocation that was submitted by the advisor to the balances in the account at the time Pontera communicates the order. Pontera may round partial percentages into whole percentages when required by the financial institution.

#### Third Party Management Programs

The Third Party Management fee is disclosed in the third-party advisor's disclosure documents. These fees may or may not be negotiable and you are not required to use the services of any third-party advisor recommended by us. In this arrangement, Eaton-Cambridge does separately calculate and deduct our investment advisory fee. The third party manager is under separate contract with the Client and will independently deduct their management fee.

You are further advised that the advisory fees or mutual funds costs for third party management may be higher or lower than if you directly obtained their services without Eaton-Cambridge's assistance. Furthermore, some programs may not be available without referral from a registered investment advisor. However, you would not have the benefit of the oversight, consulting or monitoring services offered by Eaton-Cambridge. The advisory fees or mutual fund fees earned by third party managers may be higher or lower than the fees charged by other third party managers offering similar services. It is important you read the respective Disclosure Brochures and the applicable prospectuses for details about their management programs including fees and conflicts of interest.

Please refer to the third party manager's Disclosure Brochure and your agreement with the third party manager for details on fee calculation and payment.

#### **Item 6 - Performance-Based Fees and Side-By-Side Management**

Eaton-Cambridge does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

#### **Item 7 - Types of Clients**

Eaton-Cambridge's services are geared toward individuals with high net worth (i.e. Clients with a net worth of \$1,500,000) and other than high net worth, trusts, estates and charitable organizations and corporations or other business entities. Eaton-Cambridge household asset minimum is \$500,000 and may be waived at the discretion of Eaton-Cambridge.

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

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

Eaton-Cambridge's investment philosophy is based on the academic findings of Markowitz, Fama, and French. Eaton-Cambridge's management is heavily based on Modern Portfolio Theory and the Efficient Market Hypothesis. Modern portfolio theory (MPT) is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets that has collectively lower risk than any individual asset. The efficient-market hypothesis (EMH) asserts that financial markets are "informationally efficient". That is, one cannot consistently achieve returns in excess of average market returns on a risk-adjusted basis, given the information publicly available at the time the investment is made.

For Investment Management clients, Eaton-Cambridge develops portfolios based on a long-term asset allocation strategy that is consistent with the client's investment objective and risk tolerance. Eaton-Cambridge typically uses low-cost ETFs and mutual funds with broad market exposure that it recommends to clients. Eaton-Cambridge analyses includes a review of the fund's total operating expenses, portfolio turnover, investment objective, adherence to asset class performance, and investment restrictions and limitations. Eaton-Cambridge receives no compensation or fees from any fund. Eaton-Cambridge is not contractually or otherwise committed to use any fund and may use other funds as it deems suitable and appropriate for its clients.

***Risk of Loss.*** Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

***Market Risk.*** Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value. The prices of securities held by mutual funds in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the mutual funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations.

***Management Risk.*** Eaton-Cambridge's investment approach may fail to produce the intended results. If Eaton-Cambridge's perception of the performance of a specific asset class or mutual fund is not realized in the expected time frame, the overall performance of clients' portfolios may suffer.

***Equity Risk.*** Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies. Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service

delivery process, management of litigation risk, the company's ability to create shareholder value (i.e., increase the value of the company's stock price), exposure to government taxation, and domestic political risk.

**Annuity Risk.** Annuities are an investment product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirements or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

Investing inherently involves risk up to and including loss of the principal sum. Further, past performance of any security is not necessarily indicative of future results. Therefore, future performance of any specific investment or investment strategy based on past performance should not be assumed as a guarantee. Eaton-Cambridge does not provide any representation or guarantee that the financial goals of clients will be achieved.

The potential return or gain and potential risk or loss of an investment varies, generally speaking, with the type of product invested in. Below is an overview of the types of products available on the market and the associated risks of each:

**General Risk.** Investing in securities always involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives can or will be met. Past performance is in no way an indication of future performance. We also cannot assure that third parties will satisfy their obligations in a timely manner or perform as expected or marketed.

**Common Stocks.** Investments in common stocks, both directly and indirectly through investment in shares of ETFs, may fluctuate in value in response to many factors, including, but not limited to, the activities of the individual companies, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject certain strategies to potential losses. During temporary or extended bear markets, the value of common stocks will decline, which could also result in losses for each strategy.

**Portfolio Turnover Risk.** High rates of portfolio turnover could lower performance of an investment strategy due to increased costs and may result in the realization of capital gains. If an investment strategy realizes capital gains when it sells its portfolio investments, it will increase taxable distributions to you. High rates of portfolio turnover in a given year would likely result in short-term capital gains and under current tax law you would be taxed on short-term capital gains at ordinary income tax rates, if held in a taxable account.

**Non-Diversified Strategy Risk.** Some investment strategies may be non-diversified (e.g., investing a greater percentage of portfolio assets in a particular issuer and owning fewer securities than a diversified strategy). Accordingly, each such strategy is subject to the risk that a large loss in an individual issuer will cause a greater loss than it would if the strategy held a larger number of securities or smaller positions sizes.

**Model Risk.** Financial and economic data series are subject to regime shifts, meaning past information may lack value under future market conditions. Models are based upon assumptions that may prove invalid or incorrect under many market environments. We may use certain model outputs to help identify market opportunities and/or to make certain asset allocation decisions.

There is no guarantee any model will work under all market conditions. For this reason, we include model related results as part of our investment decision process but we often weigh professional judgment more heavily in making trades or asset allocations.

***ETF Risks, including Net Asset Valuations and Tracking Error.*** An ETF's performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by Eaton-Cambridge plus any advisory fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore directly affect the ETF's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

***Inflation, Currency, and Interest Rate Risks.*** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by Eaton-Cambridge may be affected by the risk that currency devaluations affect Client purchasing power.

***Liquidity Risk.*** Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer mutual funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. Your investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert your investment to cash or other assets.

***Legislative and Tax Risk.*** Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded

***Products/Funds/Securities.*** In certain circumstances a Client may incur taxable income on their investments without a cash distribution to pay the tax due. Clients should consult either their personal tax advisors or Eaton-Cambridge (if the client elects to utilize our tax services) to discuss the potential tax implications. If Clients elect to consult a personal tax advisor, they are responsible for how the transactions in their account are reported

to the IRS or any other taxing authority.

***Foreign Investing and Emerging Markets Risk.*** Foreign investing involves risks not typically associated with U.S. investments, and the risks maybe exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social, and economic developments affecting one or more foreign countries.

In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

***Information Security Risk.*** We may be susceptible to risks to the confidentiality and security of its operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on our website or websites of our third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by us and other investment advisors. Data security breaches of our electronic data infrastructure could have the effect of disrupting our operations and compromising our customers' confidential and personally identifiable information. Such breaches could result in an inability of us to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers. We have taken and will continue to take steps to detect and limit the risks associated with these threats.

***Tax Risks.*** Tax laws and regulations applicable to an account with Eaton-Cambridge may be subject to change and unanticipated tax liabilities may be incurred by an investor as a result of such changes. In addition, customers may experience adverse tax consequences from the early assignment of options purchased for a customer's account. Customers should consult their own tax advisors and counsel to determine the potential tax-related consequences of investing.

***Advisory Risk.*** There is no guarantee that our judgment or investment decisions on behalf of particular account will necessarily produce the intended results.

Our judgment may prove to be incorrect, and an account might not achieve her investment objectives. In addition, it is possible that we may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to accounts' custodians' software. Eaton-Cambridge and its representatives are not responsible to any account for losses unless caused by Eaton-Cambridge breaching our fiduciary duty.

***Dependence on Key Employees.*** An account's success depends, in part, upon the ability of our key professionals to achieve the targeted investment goals. The loss of any of these key personnel could adversely impact the ability to achieve such investment goals and objectives of the account.

#### **Recommendation of Particular Types of Securities**

We primarily recommend mutual funds and exchange traded funds (ETFs). However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks

can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Client portfolios may include some individual equity securities, typically, in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for personal reasons. In such cases, we work with the client to structure a diversification strategy over time to manage the individual stock risk and tax impact. We typically do not analyze individual stocks when recommending the timing and sale of stocks.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other funds, other securities, or any combination thereof. The mutual fund will have a manager that trades the mutual fund's investments in accordance with the mutual fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the mutual fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are “no load” and charge no fee to buy into or sell out of the mutual fund, other types of mutual funds do charge such fees, which can also reduce returns. Mutual funds can also be “closed end” or “open end.” So-called “open end” mutual funds continue to allow in new investors indefinitely, which can dilute other investors’ interests.

### **Item 9 - Disciplinary Information**

There is no reportable disciplinary information required for Eaton-Cambridge or its Supervised Persons that is material to your evaluation of Eaton-Cambridge, its business or its management persons. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 116798.

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

#### Financial Registration and Affiliations

Neither Eaton-Cambridge nor any of its Supervised Persons have any registrations or affiliations with a broker-dealer, futures commission merchant, commodity pool operator, or commodity-trading advisor.

#### Relationship with Third Party Management Programs

As previously stated, Eaton-Cambridge has entered into a relationship with certain third party management programs (See Item 4). When utilizing a third-party manager or management program, the program will typically deduct an overall advisory and platform fee. Eaton-Cambridge does separately charge an investment advisory fee. Eaton-Cambridge will ensure that the other advisors they select are properly licensed and registered as investment advisor representatives.

#### Insurance Agency Affiliations

Certain Advisory Persons of Eaton-Cambridge also serve as licensed insurance and benefits professionals. Implementations of insurance and benefit recommendations are separate and apart from an Advisory Person’s role with Eaton-Cambridge. As insurance professionals, Advisory Persons may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular investment advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no

obligation to implement any recommendations made by Eaton-Cambridge or its Advisory Persons.

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

### Code of Ethics

Eaton-Cambridge has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Eaton-Cambridge takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Eaton-Cambridge's policies and procedures. Further, Eaton-Cambridge strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with Eaton-Cambridge's Privacy Policy. As such, Eaton-Cambridge maintains a code of ethics for its Supervised Persons. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Eaton-Cambridge's Code of Ethics establishes the Advisors' expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

### Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that Associated Persons shall not have priority over your account in the purchase or sale of securities.

## **Item 12 - Brokerage Practices**

We recommend the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab") member FINRA/SIPC. Schwab is an independent [and unaffiliated] SEC-registered broker-dealer. We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We will receive research products and services from Schwab. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisors that utilize Schwab's Institutional Services platform, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

While we endeavor at all times to put your interest first as part of our fiduciary duty, you should be aware that the receipt of additional compensation itself creates a conflict of interest.

### Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### Directed Brokerage

Generally, we require that you direct our firm to execute transactions through Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisors require their clients to direct brokerage.

### Block Trades

Eaton-Cambridge may, at times, aggregate sale and purchase orders of securities (“block trading”) for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the client. Clients also benefit relatively from better purchase or sale execution prices, or beneficial timing of transactions or a combination of these and other factors. Aggregate orders will be allocated to client accounts in a systematic non-preferential manner. Eaton-Cambridge may aggregate or “bunch” transactions for a client’s account with those of other clients in an effort to obtain the best execution under the circumstances.

## **Item 13 - Review of Accounts**

### Asset Management Programs

Eaton-Cambridge financial advisors will review client portfolios and your financial situation at least annually or as otherwise agreed by you. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Eaton-Cambridge will monitor for changes in the Client’s risk tolerance, objectives, time horizon and other Client suitability factors. Further, changes to your financial situation may result in Eaton-Cambridge revising the portfolio allocation of your managed accounts.

You are advised that you must notify Eaton-Cambridge promptly of any changes to your financial goals, objectives or financial situation as such changes may require Eaton-Cambridge to review the portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly directly from the account custodian. Additionally, you will receive confirmations of all transactions occurring directly from the account custodian. Eaton-Cambridge does not on a regular basis provide reports on your managed accounts. However, during reviews, Eaton-Cambridge may provide you with various reports to demonstrate the results of your portfolio. You should compare any report provided by Eaton-Cambridge with statements received direct from the account custodian. Should there be any discrepancy the account custodian’s report will prevail.

### Advisory Services

Eaton-Cambridge recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

## **Item 14 - Client Referrals and Other Compensation**

Eaton-Cambridge has relationships with certain outside solicitors for client referrals. We compensate the solicitor for referring clients to us and we share a percentage of the management fee paid to us by a solicited client with the solicitor. The solicitor’s role under these agreements is limited solely to the introduction of



prospective investors. The solicitor does not provide prospective clients with an assessment of the merits or shortcomings of any particular investment professional or their investment strategies. You will not pay additional fees because of this referral arrangement..

Product vendors recommended by Eaton-Cambridge may provide monetary and non-monetary assistance with Client events, provide educational tools and resources. Eaton-Cambridge does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. Eaton- Cambridge's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and Eaton-Cambridge.

### **Item 15 - Custody**

Eaton-Cambridge does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fee. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct Eaton-Cambridge to utilize the Custodian for the Client's security transactions. In connection with the deduction of the Advisor's fee, Eaton-Cambridge will produce a fee report for Clients upon request. Eaton-Cambridge encourages Clients to review statements provided by the account Custodian. For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices".

### **Item 16 - Investment Discretion**

Eaton-Cambridge shall manage your account(s) on a discretionary basis. You will grant such authority to Eaton-Cambridge by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice to Eaton-Cambridge.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account(s) should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) With the exception of deduction of Eaton-Cambridge's advisory fees from the account, if you have authorized automatic deductions, Eaton-Cambridge will not have the ability to withdraw your funds or securities from the account.

In addition, third party management programs will require the Client to provide investment discretion for their accounts with the respective manager(s). Investment discretion is authorized under separate agreements with the third party managers.

### **Item 17 - Voting Client Securities**

#### Proxy Voting

We will not vote proxies. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

#### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf. At your request, we may offer you advice regarding corporate actions.

### **Item 18 - Financial Information**

Neither Eaton-Cambridge, nor its owner has any adverse financial situations that would reasonably impair the ability of Eaton-Cambridge to meet all obligations to its Clients. Eaton-Cambridge is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.