



## Charter Oak Capital Management, LLC

Offices in  
Portsmouth, NH – Kennebunk, ME

(800) 646-5720  
[www.charteroakcm.com](http://www.charteroakcm.com)

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Primary Office Location: Two International Drive, Suite 325, Portsmouth, NH 03801

This Brochure serves as a replacement to Part II of Form ADV Uniform Application for Investment Adviser Registration, which provides information about the qualifications and business practices of Charter Oak Capital Management and its business for the use of clients and prospective clients.

If you have any questions about the contents of this Brochure, please contact us at (800) 646-5720 or [general@charteroakcm.com](mailto:general@charteroakcm.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 Oak Capital Management is a Registered Investment Adviser Firm. 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 Oak Capital Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since our last annual amendment filing on February 21, 2023 the following changes have been made to our Form ADV Part 2A:

- Charter Oak now utilizes Pontera, a third-party platform, to facilitate management of certain held away assets. (Item 4 & 5)
- Charter Oak no longer has associated persons who are licensed insurance agents.

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.

Currently, our Brochure may be requested by contacting Jeffrey S. Troiano, Chief Compliance Officer at (800) 646-5720 or [jeffrey@charteroakcm.com](mailto:jeffrey@charteroakcm.com).

Additional information about Charter Oak Capital Management 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 Oak Capital Management who are registered, or are required to be registered, as investment adviser representatives of Charter Oak Capital Management.

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## **Item 4 & 5 – Advisory Business, Fees and Compensation**

### **Advisory Services and Fees**

Charter Oak Capital Management, LLC (hereinafter “Charter Oak”), managed since 2002 is formed under the laws of Delaware. Charter Oak is registered with the Securities and Exchange Commission, and the States of Maine and New Hampshire as an investment adviser where physical offices exist. Charter Oak is a fee-based investment management and financial planning firm. The firm does not sell securities on a commission basis. The firm is not affiliated with entities that sell financial products or securities. Charter Oak’s primary services are managing investment portfolios on behalf of clients who grant Charter Oak discretionary investment authority, providing comprehensive financial planning services for clients, including furnishing advice to clients on matters not involving securities. Individuals who offer investment advisory services are known as Investment Adviser Representatives (IARs). These individuals are appropriately licensed, qualified, and authorized to provide advisory services on Charter Oak’s behalf.

### **Portfolio Management Services**

Charter Oak provides discretionary portfolio management services on a continuous basis where the investment advice is based on the individual needs of the particular client as set forth in the client’s Investment Policy Statement (“IPS”) or other guiding investment principals. Charter Oak performs various functions without further approval from the client. Such functions include assessment of the clients’ goals and risk tolerance, preparation of an investment plan based on the client goals and constraints, execution of trades in accordance with the investment plan. Once the portfolio is constructed, Charter Oak provides continuous supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require. In addition, Charter Oak provides quarterly reporting of portfolio positions and performance. Charter Oak provides one on one reviews with clients to review their portfolios, reassess their goals and risk tolerance. In limited circumstances, Charter Oak may enter into non-discretionary arrangements with its clients where Charter Oak obtains client approval prior to the execution of a trade. Generally, the Account assets shall be held by Fidelity or Schwab as custodian (the “Custodian”), however, Charter Oak can utilize the services of other custodians. Custody of assets are pursuant to a separate agreement between the Custodian and the Client. In addition to the advisory fee, there may be transaction charges involved when purchasing or selling securities or annual maintenance fees that encompass transaction costs. A complete disclosure of all fees charged to clients will be provided in a supplemental disclosure document provided with the account opening documents. A written confirmation of each transaction including all transaction charges will be sent to the client immediately following execution either by mail or electronically, unless the client has given written approval not to receive such notification. The Custodian will also provide to client, at least quarterly, a written or electronic statement showing beginning and ending portfolio values as well as all advisory fees, and any and all monthly fees deducted from the Account. The Custodian will provide such statements to both the client and the Adviser. The fee for Charter Oak planning, investing, and guidance services is assessed quarterly in advance based on the value of the assets under management on the last day of the preceding quarter, or based on flat fee, which is prorated in the event the

portfolio management agreement is executed at any time other than the first day of a billing period. Fees based on portfolio values are also prorated for withdrawals and additions over each quarter. In addition, the Adviser may also reduce or waive management fees for its personnel, household members of the Adviser's personnel, the family or friends of the Adviser's personnel, or any other entity. Generally, Charter Oak requires a minimum quarterly fee of \$1,250. On an annualized basis, Charter Oak's fee for portfolio management is subject to negotiation, not to exceed 1.50% of assets under management.

***Fee Schedule per Relationship***  
(Minimum Fee is \$1,250 per quarter)

Assets under Management	Fee
First 350,000	1.50%
\$350,000 to \$1,000,000	0.85%
\$1,000,000 to \$1,500,000	0.75%
\$1,500,000 to \$2,000,000	0.65%
\$2,000,000 to \$3,000,000	0.55%
\$3,000,000 to \$4,000,000	0.50%
\$4,000,000 TO \$7,500,000	0.40%
\$7,500,000 AND UP	0.30%

Clients are subject to Charter Oak's fee schedule in effect at the time the client entered into the advisory relationship. Clients who entered into the advisory relationship with Charter Oak prior to this revised fee schedule are grandfathered under the pre-existing fee schedule as evidenced in the Investment Advisory Agreement executed at the initial engagement of services.

The fees charged are calculated as described above 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 (SEC Rule 205(a)(1)).

Charter Oak will either invoice the client directly for management fees or payment will be made by the qualified custodian holding the client's funds and securities provided the client provides written authorization permitting the fees to be paid directly from their account. Charter Oak will not have access to client funds for payment of fees without client consent in writing. Either party, upon written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the quarter in which the cancellation notice was given, and any unearned fees will be returned.

Fees are subject to change upon the Adviser giving the Client thirty days written notice. The Client has the option of accepting the new fee schedule or terminating this Agreement pursuant to the termination provisions set forth in their Investment Advisory Agreement.

Charter Oak's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients 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. Advice offered by Charter Oak may involve investment in mutual funds or

Exchange Traded Funds. Clients are hereby advised that all fees paid to Charter Oak for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or Exchange Traded Funds (described in each Mutual Fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. Charter Oak does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, Charter Oak, and others to fully understand the total amount of fees to be paid by the client. Such charges, fees and commissions are exclusive of and in addition to Charter Oak's fee, and Charter Oak shall not receive any portion of these fees and costs.

Charter Oak does not represent warranty or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Charter Oak from properly servicing the client account, or if the restrictions would require Charter Oak to deviate from its standard suite of services, Charter Oak reserves the right to end the relationship.

### **Retirement Plan Consulting Services**

Charter Oak provides consulting services to individual participants of Retirement plans, and other qualified plans. In general, these services will consist of asset allocation advice, investment monitoring, or on-going management services. The annual fee for these consulting services is billed quarterly in advance based upon the market value of the assets on the beginning of the first day of the quarter. On an annualized basis, Charter Oak's fee is subject to negotiation, not to exceed 1.50% of assets under management. Fees will be assessed pro rata in the event the agreement is executed at any time other than the first day of a billing period. Charter Oak will provide consulting services to the plan participants as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as Charter Oak recommends. Either party may terminate the agreement by providing written notice to the other party. In the event there are any prepaid unearned fees, Charter Oak will promptly refund a pro rata share to the client.

Charter Oak does not have custody of any client funds or securities, as the services of an independent custodian will be used for these asset management services. Except, as relates to Charter Oak's contractual ability to authorize the deduction of investment management fees from certain accounts, or by virtue of certain authorizations that allow Charter Oak to facilitate the movement of funds on behalf of clients.

Charter Oak may use a third-party platform, Pontera, to facilitate management of held away assets such as 401k accounts, with discretion. The platform allows Charter Oak to avoid being considered to have custody of client funds since Charter Oak does not have direct access to client log-in credentials to affect trades. Charter Oak is not affiliated with the platform in any way and receives 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,

Charter Oak will review the current account allocations. When deemed necessary, Charter Oak will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends.

### **Financial Planning and Consulting Services**

Charter Oak also provides financial planning and consulting services, which typically involves providing advice to clients on matters such as cash flow & budgeting, retirement goal setting, insurance and risk management needs analysis, wealth transfer strategies, and tax and estate planning. Charter Oak may also provide investment-related consulting services to clients that may include, but are not limited to, advice on existing or potential investment products, account re-balancing, education funding, and/or asset allocation. As part of the services provided, various life, health, and disability insurance policies may be reviewed. Charter Oak does not typically charge a separate fee when providing financial planning services to portfolio management clients. However, when Charter Oak deems it appropriate to charge a fee, the fee for such services would be a negotiated hourly rate or another mutually agreed upon compensation structure. When the scope of the financial planning or consulting services has been agreed upon, a determination will be made as to the applicable fee. The final fee, subject to negotiation, is directly dependent upon the facts and circumstances of the client's financial situation and the complexity of the financial plan or service(s) requested. *In limited circumstances*, the cost/time could potentially exceed the initial estimate. In such cases, Charter Oak will notify the client and may request that the client pay an additional fee. Either party may terminate the financial planning agreement by providing written notice to the other party. In the event there are any prepaid unearned fees, Charter Oak will return a pro rata share to the client.

### **Seminars**

Seminars may be presented for the general public from time-to-time at no charge.

Amount of Assets upon Which Investment Advice is Provided. As of December 31, 2023, Charter Oak provides advice on approximately \$1,109,715,192 of discretionary assets under management for total of approximately 1,257 family households. Family households may consist of more than one client (i.e., client and spouse, plus one or more adult or minor children, trusts, and defined benefit plans for which the client serves as a sponsor). Of these family households, approximately 312 contain a "high net worth" client (i.e., generally, more than \$1 million of assets under advisement or net worth exceeding \$2.1 million (not including the primary residence)). These statistics do not include assets upon which advice is given for Charter Oak associated persons and their immediate families.

### **Written Acknowledgement of Fiduciary Status**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we

operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

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

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

Charter Oak 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). All fees are disclosed above.

### **Item 7 – Types of Clients**

Charter Oak provides portfolio management services to individuals, high net worth individuals, corporations or other business, trusts, estates, and charitable organizations.

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

“Investing in securities involves risk of loss that clients should be prepared to bear.”

Charter Oak employs charting, fundamental, technical analysis and analysis of economic, market, industry, firm, and product cycles and trends to evaluate investments and manage portfolios.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Typical sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, financial news and quotation services, financial data providers, and analyst research reports.



Charter Oak continually adapts its investment strategies to market conditions and individual client needs. The investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least a year), short term purchases (securities sold within a year), and trading (securities sold within 30 days). Charter Oak does not make short sales or engage in margin transactions for client except in special circumstances and at a client's specific request. It occasionally executes option transactions at the request of clients, but does not employ options or other derivatives in accounts over which it has discretionary investment authority.

Exchange Traded Funds (ETFs) make up the majority of Charter Oak's portfolios. An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

All investment programs have certain risks that are borne by the investor. Our Investment approach keeps the risk of loss in mind. Certain market risks may include but not limited to: competition, market volatility, accuracy of public information, volatility of currency prices, loss of principal risk, interest-rate risk, and inflation risks. Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio. In addition, regulatory risks may include but are not limited to: strategy restrictions, trading limitations, tax risks and conflicts of interest.

### **Item 9 – Disciplinary Information**

Investment Adviser Representatives are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation and integrity of Charter Oak. No Investment Adviser Representative of Charter Oak has a history of disciplinary action to disclose.

### **Item 10 – Other Financial Industry Activities & Financial Affiliations**

Neither Charter Oak nor its representatives are registered as, or have pending applications to

become, a broker/dealer or a representative of a broker/dealer. Neither Charter Oak nor its representatives are registered as or have pending applications to become either a Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities. Charter Oak does not utilize nor select third party investment advisers.

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

Charter Oak has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Charter Oak must acknowledge the terms of the Code of Ethics annually, or as amended.

Charter Oak's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jeffrey Troiano.

Charter Oak anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Charter Oak has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Charter Oak, its affiliates and/or clients, directly or indirectly, have a position of interest. Charter Oak's employees and persons associated with Charter Oak are required to follow Charter Oak's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Charter Oak and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Charter Oak's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Charter Oak will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Charter Oak's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. 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 continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Charter Oak and its clients.

### **Item 12 – Brokerage Practices**

#### **The Custodian and Brokers We Use**

Charter Oak ("we/our") does not maintain custody of your assets that we manage (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from

your account, or by virtue of certain authorizations that allow Charter Oak to facilitate the movement of funds on behalf of clients (*see Item 15 Custody, below*). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients primarily use Charles Schwab & Co., Inc. (Schwab) or Fidelity Investments (Fidelity), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab or Fidelity. Schwab or Fidelity will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab or Fidelity as custodian/broker, you will decide whether to do so and open your account with Schwab or Fidelity by entering into an account agreement directly with them. We will aid in opening your account, but you open your account on your own accord. Even though your account is maintained at Schwab or Fidelity, we can still use other brokers to execute trades for your account, as described in the next paragraph.

### **How We Select Brokers/Custodians to Recommend**

We seek to recommend a custodian/broker who will hold your 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, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (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 them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (*see “Products and Services Available to Us from Schwab”*)

### **Your Custody and Brokerage Costs**

For our clients’ accounts it maintains, Schwab and Fidelity generally do not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab or Fidelity account. Schwab’s commission rates and asset-based fees applicable to our client accounts were negotiated based on our commitment to maintain \$50 million dollars of our clients’ assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be if we had not made the commitment. In addition to commissions or asset-based fees Schwab and Fidelity charge 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 or Fidelity 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 and Fidelity execute most trades for your account.

### **Products and Services Available to Us from Schwab & Fidelity**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Fidelity Clearing & Custody Services is Fidelity's business serving independent investment advisory firms like us. Schwab and Fidelity (collectively, "the Custodians") 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 the Custodians' retail customers. The Custodians also make 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. The Custodians' support services are generally not available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we maintain a certain minimum dollar amount of assets in accounts at the Custodians.

If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees of \$1,250.

Here is a more detailed description of Schwab and Fidelity's support services:

Services that Benefit You. 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 the Custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The Custodians' services described in this paragraph generally benefit you and your account.

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

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us. The Custodians also offer other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

The Custodians may provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to us. The Custodians may also discount or waive their fees for some of these services or pay all or a part of a third party's fees. The Custodians may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Our Interest in Schwab & Fidelity's Services**

The availability of these services from Schwab & Fidelity 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 we keep a total of at least \$10 million of client assets in accounts at Schwab. We do not have to pay for these services so long as our clients collectively keep a total of at least a certain minimum dollar amount of assets in accounts at Fidelity. Beyond that, these services are not contingent upon us committing any specific amount of business to the Custodians in trading commissions or assets in custody. The minimum amount may give us an incentive to recommend that you maintain your account with Schwab or Fidelity based on our interest in receiving Schwab and Fidelity'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 and Fidelity as custodians and brokers is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab and Fidelity's services (based on the factors discussed above –see *"How We Select Brokers/Custodians to Recommend"*) and not Schwab and Fidelity's services that benefit only us.

### **Research and Other Soft Dollar Benefits**

Charter Oak does not receive products or services other than execution ("soft dollar benefits") from a broker-dealer or third-party for generating commissions, but does receive additional economic benefits described above. If Charter Oak does receive such products or services, it will follow procedures which ensure compliance with Section 28(e) of the Securities Exchange Act of 1934 or applicable state securities rules.

The firm seeks to obtain the most favorable net results for clients' price, execution quality, services and commissions. Although the firm seeks competitive commission rates, it may pay commissions on behalf of clients which may be higher than those available from other brokers in order to receive other services. The firm may enter into such transactions so long as it determines in good faith that the amount of commission paid was reasonable in relation to the value of the brokerage and research services provided by the broker. The services that may be considered in this determination of reasonableness may include (1) advice, either directly or

through publications or writing, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (2) analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; or (3) effecting securities transactions and performing functions incidental thereto. Such research furnished by broker-dealers may be used to service any or all of Charter Oak's clients and may be used in connection with accounts other than those that pay commissions to the broker/dealers providing the research. In particular, third-party research provided by broker/dealers may be used to benefit all of the firm's clients. This creates a conflict of interest in that the firm has an incentive to select or recommend a broker/dealer based on its interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution.

#### *Brokerage for Client Referrals*

Charter Oak does not receive client referrals from any broker/dealer or third party as a result of the firm selecting or recommending that broker/dealer to clients.

#### *Directed Brokerage*

Some clients may instruct Charter Oak to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct the Firm to use a particular broker should understand that this may prevent Charter Oak from aggregating trades with other clients and from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent Charter Oak from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that Charter Oak would otherwise obtain for its clients.

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 Oak 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.

Charter Oak has the ability to aggregate client trades with both Schwab and Fidelity, however, the firm's practice is to analyze and trade client accounts individually therefore there is no opportunity to initiate trades for multiple accounts at the same time. The practice of aggregation is not applicable.

Generally, Charter Oak requires account/households have a minimum of \$350,000 of managed assets and a minimum annual fee of \$5,000, or \$1,250 quarterly, however Charter Oak reserves the right to accept relationships at lower levels if Charter Oak deems appropriate.

Clients are subject to Charter Oak's minimum of managed assets and minimum annual fee in effect at the time the client entered into the advisory relationship. Clients who entered into the advisory relationship with Charter Oak prior to this revised fee schedule are grandfathered under

the pre-existing minimum of managed assets and minimum annual fee as evidenced in the Investment Advisory Agreement executed at the initial engagement of services.

### **Item 13 – Review of Accounts**

Each investment account is reviewed at least quarterly. Accounts are reviewed for consistency with the investment strategy and performance. Reviews may be triggered by changes in an account holder's personal, tax or financial status. Macroeconomic and company specific events may also trigger reviews.

Reviews are performed by the investment adviser representative assigned to the account.

Clients with accounts managed by Charter Oak and custody at firms for which Charter Oak has a relationship normally receive brokerage statements monthly, but no less than quarterly either by mail or electronically. Charter Oak sends quarterly performance reports and bills to clients within 30 days of the close of a calendar quarter.

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

Charter Oak receives an economic benefit from Schwab and Fidelity in the form of the support products and services made available to us and other independent investment advisors that have their clients maintain accounts at Schwab and Fidelity. 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 and Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Charter Oak does not have any arrangement for receiving or providing compensation for client referrals.

### **Item 15 – Custody**

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab, Fidelity or any other custodian to deduct our advisory fees directly from your account; and, by virtue of certain authorizations that allow Charter Oak to facilitate the movement of funds on behalf of clients. Schwab, Fidelity, and other custodians utilized by Charter Oak maintain actual custody of your assets. You will receive account statements directly from Schwab, Fidelity, or the custodian that holds and maintains your investment assets, at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare your account statements to the periodic account statements/portfolio reports you will receive from us.

Custody is also disclosed in Form ADV because Charter Oak has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, Charter Oak will follow the safeguards specified by the SEC rather than undergo an annual audit.

## **Item 16 – Investment Discretion**

Charter Oak usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Charter Oak observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Charter Oak's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to Charter Oak in writing.

## **Item 17 – Voting *Client* Securities**

Charter Oak, with written client permission, will vote proxies and will take any action or render any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which assets of the Client may be invested. In addition, Charter Oak will not take any action or render any advice with respect to any securities held by the Client which are named in or subject to class action lawsuits. Charter Oak will however, forward to Client any information received by Charter Oak regarding class action legal matters involving any security held by the Client.

Charter Oak's proxy voting guidelines include the following:

- In the absence of specific voting guidelines from the client, Charter Oak will vote proxies in the best interests of each particular client. Charter Oak's policy is to vote all proxies from a specific issuer the same way for each client absent qualifying restrictions from a client. Clients are permitted to place reasonable restrictions on Charter Oak's voting authority in the same manner that they may place such restrictions on the actual selection of account securities.
- Charter Oak will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors absent conflicts of interest raised by an auditor's non-audit services.
- Charter Oak will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights.
- In reviewing proposals, Charter Oak will further consider the opinion of management and the effect on management, and the effect on shareholder value and the issuer's business practices.

Without written Client permission, Charter Oak will not be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of



securities in which client assets may be invested. Although Charter Oak may, on rare occasions and only at the client's request, offer clients advice regarding corporate actions and the exercise of proxy voting rights.

Clients may request information regarding how Charter Oak voted a client's proxies and/or Clients may request a copy of the firm's proxy policies and procedures by contacting us at (800) 646-5720.

### **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about Charter Oak's financial condition. Charter Oak 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.