

# SUMMITRY

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## Form ADV, Part 2 Brochure

This brochure provides information about the qualifications and business practices of Summitry, LLC. If you have any questions about the contents of this brochure, please contact us at the number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Summitry, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our SEC CRD number is 128586.

**Revised March 29, 2024**

# Material Changes

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## **Material Changes since the Last Update on March 29, 2023**

There were no material changes since the filing on March 29, 2023.

## **Full Brochure Availability**

The Firm Brochure for Summitry, LLC is available by contacting Jennifer Rouse at [jennifer@summitry.com](mailto:jennifer@summitry.com) or by calling (866) 604-6582.

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# Advisory Business

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## Firm Description

Summitry, LLC (“We” or “Summitry”) is a registered investment advisor with the Securities and Exchange Commission. Golub Group was established in December of 2003 and changed the name of the firm in January of 2020 to Summitry, LLC. Registration of an investment advisor does not imply any level of skill or training.

## Principal Owners

Colin Higgins, President & Chief Executive Officer, is the Principal Owner of Summitry, LLC.

## Types of Advisory Services

We provide financial planning and portfolio management services on a discretionary basis as stated in the investment advisory agreement. Summitry is also the investment adviser to the Summitry Equity Fund (“GGEFX”), a mutual fund (“Fund” or “the Fund”) invested in the same manner as the Summitry Equity product, listed below. Account supervision is guided by the objectives of the client. Any investment advice provided by Summitry is based on several factors, including but not necessarily limited to, the client’s investment objectives, risk tolerances, asset class preferences, time horizons, liquidity needs, and expected returns. For certain qualified clients, we also provide manager selection services for private placements such as private equity investments.

Summitry’s internally managed (“Core”) strategies are employed as a key component of our clients’ broader strategic asset allocations (“SAA”). These Core strategies are comprised of individual stocks, bonds and ETFs selected by our Research Team in diversified portfolios with the following targeted mix across asset classes:

- Equity – A target of 100% Equities
- Equity Income – A target of 85% Equities & 15% Fixed Income
- Balanced – A target of 65% Equities & 35% Fixed Income
- Balanced Income – A target of 55% Equities & 45% Fixed Income
- Income - A target of 35% Equities, 55% Fixed Income & 10% Cash
- Sustainable Income – A target of 70% Equities & 30% in income producing securities, which could include bonds, ETFs, preferred securities, REITs and MLPs

To complement these Core strategies in a client’s SAA, we may also engage third party investment management firms (“Independent Managers”) whose investment strategies fit within specified asset classes to manage a portion

of clients' accounts. We refer to these strategies, collectively, as "Explore." Independent Managers invest directly, on a discretionary basis, in securities within a specified asset class using strategies consistent with the client's SAA. For discretionary client accounts, we determine the timing and amount of allocations of a client's assets in and out of the portion of the account, both to maintain the appropriate allocation of the client's portfolio to that asset class, and to reflect our ongoing assessment of the Independent Manager's performance relative to other investment options in that asset class.

**Please see the Methods of analysis, Investment Strategies and Risk of Loss Section for more information.**

## **Tailored Relationships**

We tailor our advisory services to the individual needs of clients, which may include financial planning services and educational seminars/workshops. The educational seminars/workshops may be offered periodically and may include topics such as social security, estate planning, tax planning, insurance, etc. These seminars are part of the service we provide for our clients. There is no additional fee for these services. We will help the client identify a strategic asset allocation that is consistent with the client's investment objectives, risk tolerance, time horizon, liquidity needs, asset class preferences and other client criteria. Through personal discussions in which goals and objectives based on client's particular circumstances are established, we develop investment policy statements to describe the Core and/or Explore strategies that we will employ to service their objectives. Clients may impose restrictions on investing in certain securities or types of securities. These restrictions must be specified in the Investment Management Agreement (the "Agreement") and agreed upon in advance. We may also, engage an Independent Manager to manage a portion of a client's assets. Such Independent Manager will charge fees in addition to [and separately from] Summitry, which we will pass on to the Client.

## **Estate Planning Services**

Summitry may offer to introduce clients to unaffiliated law firms that provide estate planning document review, preparation, and other legal services. Summitry may pay some or all of our clients' legal fees for these services. Summitry and any such law firms do not share common ownership, and the services of Summitry and the law firms are separate and distinct from each other. Participating clients sign a separate engagement agreement with the law firm they engage, thereby preserving direct attorney-client relationship and consenting to have Summitry pay the associated fee up to a specified amount, depending on the scope of the engagement, which is outlined in the law firm's engagement agreement. Excess fees beyond the specified amount are paid by the client. Confidentiality may be waived at the client's option to enable the attorney to share information and advice with Summitry. Clients are never obligated or required to engage any such law firms or to waive confidentiality.

## **Model Platforms**

Summitry provides its Equity model to various platforms. We do not have investment advisory relationships with any customer who purchases the model from these platforms.

## **Wrap Fee Programs**

Summitry does not utilize wrap fee programs, but Independent Managers may have a wrap fee arrangement with one of our custodians.

## **Client Assets**

As of December 31, 2023, Summitry managed \$2,285,807,182 of client assets on a discretionary basis and \$164,895,062 of client assets on a non-discretionary basis.



# Fees and Compensation

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## Description

Summitry is compensated for our advisory services and financial planning by fees received from our clients. The basic fee schedule is based upon a percentage of assets under management.

## Fee Schedule

Summitry's standard fee is on a sliding scale:

1.25% annually on assets up to \$2.5M

1.00% annually on the next \$2.5M

0.75% annually on the next \$5M

0.625% annually on assets above \$10M

We also manage portfolios as part of an SMA relationship as described in the Other Financial Industry Activities section of this brochure. Due to the nature of the SMA relationships, we will not charge our normal fees but will use an alternate fee schedule that ranges from 0.75% up to 1.00% of assets under management. Only clients who retain Jackson Financial Services, Summit Financial, JBJ Investment Partners or Continuum Advisory DBA Wealth Management Associates in addition to Summitry can receive the modified fee structure relevant to those unaffiliated advisors.

The amount of the fee is negotiated on a case-by-case basis with the client, and is determined based upon a number of factors including the amount of work involved, the assets placed under management and the attention needed to manage the account. We may assess a minimum annual fee of \$5,000 to accounts receiving ongoing asset management services. As a result, accounts with a small balance may pay a higher annual fee as percentage of total assets.

## Mutual Fund Management Fee

In return for managing Fund assets, Summitry receives a fee of no more than 1.00% of the value of Fund assets per year. Summitry does not charge a management fee to clients holding GGEFX in their advisory accounts because of the expenses involved when investing in GGEFX. Please see the GGEFX prospectus for more details.

## Fee Billing

Fees are billed in advance at the beginning of each calendar quarter, based on the assets as of the last day of the previous quarter. Fees will be deducted directly from the client's brokerage account pursuant to a written agreement. However, some clients choose to pay by check, which is a request that we will accommodate. Investment advisory services begin with the effective date of the Agreement, which is the date the client signs the Investment Advisory Agreement, provided funds are available. For the first calendar quarter, fees will be adjusted pro rata based upon the number of days in the calendar quarter that the Agreement was effective. We will provide the client with a separate copy of each invoice, setting forth the basis for the calculation.

The client or Summitry may terminate the agreement at any time, upon written notice. Upon termination, the fees charged for advisory services will be pro-rated and refunded for any unearned fees. The client is responsible to pay for services rendered until the termination of the agreement.

## Other Fees

As further discussed in "Other Financial Industry Activities and Affiliations" below, we may select Independent Managers from those made available by our custodians. Independent Managers that we recommend to clients charge fees in addition to and separately from our fees and typically bill clients monthly. Those fees are typically based on either the individual client's assets under their management or a percentage of all our clients' aggregate assets under their management. Depending on the specific Independent Manager and strategy, fees and billing practices vary. Such fees and other terms may be disclosed to clients in each Independent Manager's Form ADV, in the information provided by the Schwab to Summitry or its clients, or in the account agreements executed by our custodians, Summitry and the client. Summitry is not entitled to and does not receive any portion of the additional fees and expenses associated with the use of any Independent Managers.

In connection with our advisory services, clients may also incur and are responsible for the fees and expenses charged by their custodians and imposed by broker-dealers. Such fees may include, but are not limited to, custodial fees, transaction costs, fees for duplicate statements and transaction confirmations, brokerage commissions, mutual fund expenses and fees for electronic data feeds and reports. These fees will vary depending on the custodian, the client's level of assets with the custodian and in some cases the client's choice of paper or electronic delivery. **Please see the [Brokerage Practices](#) section for more information.**

## Additional Compensation

Summitry, on an occasional basis, may be engaged to render an opinion on the validity of the strategy and asset allocation of an account placed at another investment advisor. In that situation, the account holder at the other advisor would be our client, in that Summitry would charge a fee for the time and opinion. Fees for this service vary.

# Performance-Based Fees & Side-by-Side Management

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Summitry, the Independent Managers, and our Supervised Persons do not accept performance-based fees. All fees are based on the amount of assets under management (unless another fee arrangement is agreed to with an Independent Manager).

# Types of Clients

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## Description

Summitry's clients include:

- Individuals
- High Net Worth Individuals
- Investment companies
- Other Investment Advisors
- Pension and profit-sharing plans
- Trusts, estates or charitable organizations
- Corporations or businesses other than those listed above

## Account Minimums

The minimum amount for opening an account is \$1 million for individuals or \$250,000 if the account is opened through a separately managed relationship with another advisor. We may waive these minimums at our discretion.

# Methods of Analysis, Investment Strategies and Risk of Loss

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## Methods of Analysis

We make our investment decisions based on a rigorous analysis, by members of our Research team, of the risk and potential for return presented by the various opportunities available in the securities markets. To perform their role, Research team members review information provided from a wide range of sources, including Bloomberg, Morningstar, Wall Street brokerage research departments, the SEC's EDGAR research site, research tools such as Canalyst and Sentio, business and other journals, and trade press among other respected sources available online or in print format. We also speak directly with third-party investment analysts and members of management teams of companies we wish to consider for investment.

For investments in equities, the Research team members conduct statistical analysis of financial and operating data to derive an opinion as to (a) the underlying strength and security of the investment and (b) an appropriate price to pay for the investment. Once the analysis is complete and a rationale for purchase is determined by a member of the Research team, he/she will present the opportunity to Summitry's three-member Investment Committee for consideration. Typically, the Investment Committee will direct the individual Research analyst to conduct further due diligence to address areas of uncertainty or perceived risk. Investments are added to the list of approved securities for ownership in client accounts by a consensus vote of the Investment Committee.

Investment decisions are made within the context of an overall view as to global economic and market conditions, but ultimately it is the strength of individual investments and the perceived attractiveness of the price of these individual investments that determines whether they are acquired for our clients, and in what quantity they are maintained in our diversified portfolios.

Valuation analysis is a key part of the overall statistical analysis conducted by Research team members, and any stock investment proposed for consideration by the Investment Committee will come with an opinion as to the "intrinsic value" of the investment. Intrinsic value is the price that an informed buyer would pay for a 100% interest in the company if there were no active trading market for shares in the company. The Investment Committee believes that for an investment to be attractive for purchase, it should be available at a discount to intrinsic value. Buying stocks at a discount typically provides the investor with some downside protection as compared to stocks that are purchased at a premium price. For stocks, we commonly use one or more of the following methods:

Discounted Cash Flow (“DCF”) analysis across several scenarios, comparative multiple analysis (P/E, EV/EBITDA, P/Book, etc.), dividend discount models, sum-of-the-parts analysis, and similar approaches commonly used in the investment industry.

Individual fixed income purchases are not brought before the Investment Committee for consideration. Rather, we develop a view as to the types of securities we will hold in client accounts (bond structure, rating, duration, and maturity), and allow our traders discretion to negotiate purchases with bond broker-dealers of securities that fit within these constraints. Generally, we derive an opinion as to a reasonable yield that should be received from an investment given the credit strength of the business or entity that issued the instrument, duration of the security, liquidity, and current market conditions.

We use essentially the same analytical approach to determine when and whether to sell securities that are held in client accounts, except sell decisions require only a majority vote of the Investment Committee, rather than a consensus. We consider broad economic conditions and the attributes of the security to make a judgment to sell. We often sell when the price of the underlying security has risen to the point where it trades at a premium to our estimate of the investment’s intrinsic value. We sell securities in the account to achieve a diversification goal, i.e., trim an individual position to make room for another that is perceived to be more attractive. We also sell when conditions detrimental to the security put into question our estimate of its intrinsic value.

## **Investment Strategies**

We help our clients identify a strategic asset allocation (“SAA”) that is consistent with their investment objectives, risk tolerance, age, time horizon, cash flow and liquidity needs, return expectations, asset class preferences and other client criteria. Through questionnaires and personal discussions in which our clients’ goals and objectives are established, we produce investment policy statements to define the strategies that we will employ in the context of the chosen SAA.

We monitor capital market conditions and client circumstances, and we make adjustments to the portfolio to reflect significant changes in any or all of the above variables.

We implement strategies through a portfolio of diverse investments. In our Core investment allocations, we purchase equity and fixed-income securities in proportions that are designed to provide an appropriate trade-off between expected risk and return for our clients. We manage accounts according to the objectives of our clients as

stated in the investment policy (i.e., Equity, Equity-Income, Balanced, Balanced-Income, Income, and Sustainable Income).

In our Core strategies, we invest in high-quality securities with an eye toward capital preservation and growth. We invest in marketable equities and fixed income securities. We are long-only investors. We do not invest in securities for which there is no active trading market, such as partnerships, hedge funds and private placements. We purchase securities that we judge to be incorrectly priced by the market. Our goal is to buy when we believe the current market value is safely below our estimate of intrinsic value.

Our equity investment philosophy is a long-term growth discipline built around the management of risk. To achieve this standard, we:

- Focus on world-class businesses;
- Pay strict attention to the valuation of each business;
- Invest for the long-term;
- Diversify, with a typical equity portfolio containing 25-35 individual securities.

In general, we are bottom-up investors. We begin our investment process by identifying companies that meet our investment criteria. We seek to understand the value drivers of the underlying business by conducting industry and competitive analysis, measuring operating performance, analyzing company financial statements, and evaluating company management. In the end, we look for industry-leading, global businesses that exhibit:

- Durable competitive Advantages;
- Strong cash flow;
- Solid balance sheet;
- A strong probability of growing profitability;
- High returns on capital employed;
- A successful and proven management team;
- Capacity to pay dividends;
- Honest and forthright reporting of financial results.

Our fixed income investments serve to add stability and income to our balanced accounts. The securities we purchase depend largely on an individual client's needs, but as a general policy, we fill taxable fixed income needs with highly liquid bond ETFs. We purchase individual municipal bonds where appropriate, and generally hold them to maturity.

In our Explore strategies, we seek to access sectors of the capital markets that are different and complementary to our Core strategies. These strategies are added with the aim of increasing a client's overall returns, decreasing a client's overall portfolio risk (generally defined as lower portfolio volatility), or a combination of these two objectives. The Research team begins with an evaluation of Wall Street's long-term capital markets assumptions to identify asset classes that are expected to accomplish the above objectives. The Research team then conducts due diligence of managers who offer strategies in these targeted asset classes, considering past performance, investment philosophy, team qualifications, as well as their research and decisions processes. In general, we are drawn to management teams whose philosophies are similar to our own, even while seeking opportunities in sectors of the capital markets that are different from those in which Summitry tends to operate. Managers in our Explore strategies may invest in public or non-public securities.

## **Risk of Loss**

As with any other form of investing, clients of Summitry accept certain risks, including the risk of loss of capital. In fact, it is certain that account values will periodically decline in reaction to market movements.

*Risks of stock investing:* Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock in which a fund invests may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

*Risks of bond investing—Interest rate risk:* Interest rate risk is where the rise in interest rates will cause the price of a debt security to fall. Securities with longer maturities typically suffer greater declines in periods of rising rates than those with shorter maturities. Mortgage-backed securities can react somewhat differently to interest rate changes because falling rates can cause losses of principal due to increased mortgage prepayments and rising rates can lead to decreased prepayments and greater volatility.

*Risks of bond investing—Credit risk:* This is the risk that an issuer of a debt security will default (fail to make scheduled interest or principal payments), potentially reducing income distributions and market values. This risk is increased when a security is downgraded, or the perceived creditworthiness of the issuer deteriorates.

*Private placements:* The risks involved in investment in private placements, including in alternative strategies such as private investment funds, include lack of liquidity, restrictions on withdrawing assets, riskier investments with longer investment horizons, limited information on fund investments, and complex fee structures.



*Options:* Options are contracts that give the investor the right, but not the obligation to buy or sell a security at a particular time for a particular price. Options involve risk, including total risk of principal or loss beyond an investor's initial investment. Options values are based on underlying securities, which can have adverse effects on pricing in volatile markets.

*Margin:* Margin, or borrowing from a Broker-Dealer, involves risk such as interest rate risk, requires repayment regardless of the results of the investments made using the margin account, and can have adverse effects on liquidity.

Above is only a summary of some of the risks that a client may encounter. A potential client should discuss with Summitry any questions that such person may have before opening an account. Additional risks may apply with respect to assets managed by Independent Managers. Clients must review an Independent Manager's Form ADV Part 2 and any other disclosure document provided to such clients before agreeing to have a portion of their account managed by the applicable Independent Manager.

# Disciplinary Information

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Summitry and our management personnel are not currently, nor have they ever been a part to any legal or disciplinary action.

# Other Financial Industry Activities and Affiliations

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## **Broker-dealer or Registered Representative**

None of Summitry's management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker dealer.

## **Futures Commission Merchant, Commodity Pool Operator, Commodity Trading**

### **Advisor or Associated Person**

None of Summitry's management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

## **Material Relationships or Arrangements with Financial Industry**

Summitry has entered into a relationship with Schwab whereby Summitry participates in Schwab's Advisor Network ("the "Service") and with TD Ameritrade's service Advisor Direct ("The Service"). These Services are designed to help investors find an independent advisor. Both Schwab and TDA are broker-dealers independent of and unaffiliated with Summitry. Schwab and TDA do not supervise Advisors and has no responsibility for Summitry's management of clients' portfolios or other advice or services we provide. For more details on the relationship, the compensation arrangement, and the potential conflict of interest, see the Client Referrals and Other Compensation sections of this Brochure.

Summitry is the advisor to the Summitry Equity Fund ("GGEFX"). We treat GGEFX as if it were an advisory client. It is managed the same way that other client accounts in the Equity strategy are managed. The fund's trades are placed the same way and on the same day as the trades for our advisory clients. All clients, including GGEFX receive the same average price for trades that are placed on the same day. We will at times buy GGEFX for our advisory clients. We do not charge a management fee for GGEFX that is held in these accounts because there are expenses involved when investing in GGEFX. Please see the GGEFX prospectus for more details.

Summitry has been selected as an investment manager under a Separately Managed Account ("SMA") arrangement sponsored by certain unaffiliated Investment Advisors and Financial Planners ("Unaffiliated Advisors"). Under such SMA arrangements, Unaffiliated Advisors make referrals to Summitry. The prospective client then makes his/her own independent decision to retain our services in addition to those of the Unaffiliated Advisors. We manage portfolios under the SMA arrangement in similar fashion, and use an identical discipline, as to its other client

relationships. See the Methods of Analysis, Investment Strategies and Risks of Loss and Fees and Compensation sections of this Brochure for more information.

We have SMA arrangements with Jackson Financial Services, Summit Financial, JBJ Investment Partners, ProCore Advisors and Continuum Advisory DBA Wealth Management Associates. The accounts that are managed from these Unaffiliated Advisors are managed the same as our other advisory clients. All trades are aggregated the same way and they receive the same average fee as the advisory clients. We do not deem there to be a conflict of interest regarding any of these Unaffiliated Advisors.

We provide our Equity investment model to various platforms. We do not have investment advisory relationships with any customer who purchases the model from these platforms. Customers who purchase the model retain all authority to exercise voting rights with respect to securities in their accounts. We have no authority to take possession of any assets in the customer's account or to direct delivery of any securities or payment of any funds out of the accounts. We only provide the model and the subsequent trade directives to the platforms, and the actual trades are not placed by us. We do not deem these relationships to be a conflict of interest to any of its advisory clients.

We may also recommend or select other Independent Managers for our clients. In most cases, such Independent Managers will execute trades at the clients' custodian in a segregated account held in the client's name. In some cases, including situations involving alternative investment classes, such as private investment funds, assets may be custodied somewhere other than Schwab or Fidelity. As discussed above, Independent Managers that we recommend to client accounts charge fees in addition to and separately from Summitry's fees. We will continue to render investment supervisory services with respect to assets managed by Independent Managers through ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that we consider in recommending any such Independent Manager include the client account's designated investment objectives, and the Independent Manager's management style, performance, reputation, financial strength, reporting, pricing, and research.

# Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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## Code of Ethics

We have adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 of the Investment Advisers Act and 17j-1 of the Investment Company Act. The Code sets forth the expectations of Summitry with respect to standards of conduct, fiduciary duties, required compliance with all securities regulations, required reporting of personal trading, pre-approval of participation in any initial public offering or private placement, required reporting of violations of the Code to the Chief Compliance Officer, and required written acknowledgement of receipt of the Code by personnel. A copy of the Code of Ethics is available to clients and prospective clients upon request.

## Recommend Securities with Material Financial Interest

Summitry personnel are prohibited from recommending, implementing, or considering any securities transaction for a client without having disclosed any material beneficial ownership, business or personal relationship, or other material interest in the issuer or its affiliates, to the Chief Compliance Officer. We shall only recommend those investments that we have a reasonable basis for believing are suitable for a client, based upon the client’s particular situation and circumstances. At times we will recommend that clients buy the Summitry Equity Fund (“GGEFX”). We have a material financial interest in this mutual fund. The conflict of interest is mitigated because we do not charge a management fee on holdings of GGEFX in client accounts, and because we aggregate all trades together with client trades so that clients and GGEFX receive the same average price. GGEFX accrues shareholder and other fees, which are paid directly from clients’ investment on a pro-rata basis. For more detailed information about the expenses associated with the fund, please see the GGEFX prospectus. You may obtain a prospectus by calling (866) 954-6682.

**For more information on our allocation practices, please see the Order Aggregation sub-section of the Brokerage Practices section of this brochure.**

**For more Information about the GGEFX, please see the Other Financial Affiliates section.**

## Invest in Same Securities Recommended to Clients

Summitry personnel are permitted to buy and sell the same securities that may be recommended to clients. To mitigate this conflict of interest, all supervised persons of Summitry are subject to the firm’s Code of Ethics, which must be acknowledged annually by each supervised person. The Code of Ethics requires, among other things, that all personal securities transactions of Summitry’s personnel are pre-approved and then traded in a master account so that their trades are aggregated with the clients’ trades that are placed at the same custodian, trading the same securities, the same action and as long as it is allowed by the custodian. We believe that such activity will not

normally present any conflict of interest because the personnel accounts will be buying or selling the same securities and participating in brokerage transactions on a pro-rata basis with other clients, based on account size, at the same time and at the same price and brokerage cost. For more information on trade order aggregation, see the Order Aggregation section of this Brochure.

# Brokerage Practices

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## Selecting Brokerage Firms

Each client typically instructs Summitry to execute account transactions with a designated custodial broker, but Summitry may also have discretion in selecting a different executing broker if the client has agreed to prime brokerage services. In those cases, Summitry seeks to obtain “best execution” for its clients in such a manner that the client’s total cost for or income from each transaction is the most favorable under the circumstances. The SEC has stated that the determining factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution. While providing our services, we will execute trades for our clients through broker-dealers who offer the best overall execution under the particular circumstances, unless otherwise instructed, in writing, by a client. With respect to execution, we consider a number of factors, including if the broker has custody of client assets, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, our past experience with similar trades, research and other factors which may be unique to a particular order. Based on these judgmental factors, we may trade through broker-dealers that charge fees that are higher than the lowest available fees.

Summitry participates in the institutional advisor program offered by Charles Schwab. Charles Schwab is a member of FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. Charles Schwab offers to independent investment advisors services, which include custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives some benefits from Charles Schwab through participation in the Schwab Advisor Network program. (Please see the disclosure under Client Referrals and other Compensation. Below)

Summitry participates in the institutional advisor program offered by Fidelity Investments. Fidelity investments is a member of FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. Fidelity Investments offers to independent investment advisors services, which include custody of securities, trade execution, clearance and settlement of transactions.

## Research and Soft Dollars

Although we do not have any soft dollar arrangements with any broker-dealers, we do receive research from them. The primary factors in executing a trade and selecting a broker-dealer is our duties as a fiduciary and to seek best execution for our clients. The free research received from broker-dealers is provided because of the custodial relationship and not the execution of trades.

Summitry may cause clients to pay commissions greater than those typical for similar investments if we determine that the research, execution, and other services rendered by a particular broker merit greater than typical fees. In

such a case, however, we will determine in good faith that such a commission is reasonable in relation to the value of brokerage, research and other trading services provided by such broker-dealer. We use both proprietary research and research created or developed by third parties and trading services furnished by broker-dealers with respect to the securities markets, the economy, particular industries, individual issues, and similar topics having broad applications to client accounts. We use research and trading services for the benefit of all our client accounts, including clients whose transactions are not affected by the broker providing such services.

## **Best Execution**

Annually, we conduct a review of the custodians of our client's assets and broker-dealers who execute trades for our clients in terms of research provided; commission rates charged and broker fees, the ability to negotiate commissions, execution capability, trade errors, reputation, financial responsibility and responsiveness. The purpose of the review is to ensure that the interests of clients of Summitry are being well served in the custodial relationships they choose, and that trades are being executed fairly, efficiently, and accurately. We do not engage in soft-dollar arrangements with broker-dealers.

## **Directed Brokerage**

We do not direct, recommend, request or require that our clients direct us to execute transactions through a specified broker dealer. A client may, however, direct us in writing to use a particular broker or dealer to execute all transactions for the client's account. When a client selects the broker to be used for his/her account, the commission rates are decided upon between the client and his/her broker. Clients that restrict us to using a particular broker-dealer (or direct us to use a particular broker-dealer) for executing their transactions generally will be unable to participate in aggregated orders and will be precluded from receiving any benefits that might result from an aggregation (see below), which other clients may receive. Such clients may receive less favorable prices. We will generally execute aggregated orders for non-directed clients before we execute orders for clients that direct brokerage.

There may be conflicts of interest over time when determining the allocation of investment opportunities among all accounts managed by us. We will attempt to resolve all such conflicts in a manner that is generally fair to all of our clients.

## **Order Aggregation**

As noted above, we seek to obtain "best execution" on each portfolio transaction for a client. As part of our effort to obtain best execution, we typically aggregate numerous clients' purchases or sales as a single transaction. Transactions are usually aggregated to seek a lower commission, lower costs, or a more advantageous net price. The benefits, if any, obtained because of such aggregation, are generally allocated pro-rata among the accounts of



the clients or the funds that participated in the aggregated transaction. Clients that have restrictions on their account(s) are typically traded after the initial block.

Also, in certain instances we may execute over-the-counter securities transactions on an agency basis, which may result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market maker's mark-up or mark-down.

## **Trade Errors**

From time-to-time, we may make an error in submitting a trade on a client's behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the correcting trade, the gain will remain in the client account unless the same error involved other client account(s) that should have received the gain, it is not permissible for a client to retain the gain, or we confer with the client and they decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client account and Schwab or TD Ameritrade is the custodian, the custodian will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. The custodians will maintain the loss or gain (if such gain is not retained in the client account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client account, they will be netted. At all times, we will seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Summitry in any way.

## **Independent Managers**

Independent Managers we may recommend are selected through Our custodians' Managed Account Select platform. The custodians may pay the Independent Manager's fees, execute the client's portfolio transactions without commission charge, provide custodial services for the client's assets, or some combination of these or other services, all for a single fee paid by the client to the broker-dealer (a so-called "wrap fee" arrangement). Depending on the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if the Independent Manager were free to negotiate commissions and seek best price and execution of transactions for the client's account.

We cannot assure that brokers that sponsor wrap fee arrangements (or other arrangements in which a broker-dealer provides a selection of Independent Managers) provide best execution. For example, an Independent Manager's trades generally are required to be directed solely to the broker-dealer with whom the client has entered into the arrangement, and thus the Independent Manager may not be free to seek best price and execution by placing transactions with other brokers or dealers. Additionally, to receive best execution an Independent Manager must

often will execute large block trades on behalf of all of its clients, then allocate the trade among eligible accounts. When directed trades for a client's accounts are placed through a brokerage firm other than that which is executing the block trade, those trades may trail the complete block trading program. The prices of those securities may have already been impacted by the prior block trade, so that the cost or sales price of securities in the directed account will not necessarily be the same as those executed as part of the block. Therefore, performance of the client's account may differ from that of the Independent Manager's other accounts.

# Review of Accounts

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## Periodic Reviews

All Client accounts are reviewed, at a minimum, quarterly to ensure an appropriate allocation based on Summitry's assessments of market conditions and the personal, individual circumstances of the client. General conditions in the stock and bond markets are continuously monitored. The Investment Committee is responsible for both reviewing the individual positions and monitoring market conditions. The individuals who perform account reviews are the Portfolio Administrators and the CCO.

## Review Triggers

Factors triggering additional account reviews, and perhaps triggering buy or sell recommendations, include changed circumstances of the clients; changed general conditions of the stock and bond markets; and changes in the securities that are owned by the clients.

## Regular Reports

Clients are provided with quarterly written reports showing the holdings in their accounts, their year to date performance and their quarterly management fee invoice. They are also provided with monthly holdings and transaction statements from their custodian. Clients are advised to compare the statements from their custodian with the statements that we provide to ensure accuracy.

# Client Referrals and Other Compensation

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## Referral Arrangements

Summitry's advisory services are marketed through one or more third-party promoters that refer clients to Summitry. If a client is introduced to Summitry by an unaffiliated promoter, Summitry typically will pay that promoter a referral fee in accordance with the requirements of Rule 206(4)-1 under the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely out of fees received by Summitry for advisory services (i.e., investment management fees and asset-based performance fees) and shall not result in any additional charge to the client. Summitry will also ensure referred clients receive necessary disclosures pursuant to Rule 206(4)-1 under the Advisers Act.

## Economic Benefits

For participation in the institutional program, we receive economic benefits which would not be received if we did not have an established relationship with Charles Schwab & Co. ("Schwab"). These benefits do not depend on the amount of transactions directed by us to Schwab. Such benefits include: Dedicated trading desks that service our clients, dedicated service groups and account services managers dedicated to our account, access to real time order matching systems, the ability to block client trades, electronic download of trades, duplicate and batched client statement, confirmation and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), periodic newsletters, access to Schwab's, mutual funds, and the ability to have custody fees waived for our clients.

## Schwab Advisor Network

Summitry receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Summitry's participation in Schwab Advisor Network (the "Service"). The service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Summitry. Schwab does not supervise Summitry and has no responsibility for Summitry's management of clients' portfolios or Summitry's other advice or services. Summitry pays Schwab fees to receive client referrals through the Service. Summitry's participation in the Service may raise potential conflicts of interest described below. Summitry pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Summitry is a percentage of the value of the assets in the client's account. Summitry pays Schwab the Participation Fee so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Summitry quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by Summitry and not by

the client. Summitry has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Summitry charges clients with similar portfolios who were not referred through the Service.

Summitry generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Summitry generally would pay in a single year. Thus, Summitry will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Summitry's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Summitry will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Summitry's fees directly from the accounts.

For accounts of Summitry's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Summitry's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Summitry may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Summitry nevertheless acknowledges its duty to seek the best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Summitry's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

# Custody

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## Account Statements

Summitry is not a broker-dealer and does not take possession of client assets. Our client assets are housed in nationally recognized brokerage firms, otherwise known as custodians. We have a limited power of attorney to place trades on the client's behalf. If authorized by the client, we may also have the authority to directly debit client accounts for quarterly fees. For our Explore strategies, clients also grant limited power of attorney to third-party managers to place trades or direct investment activities, and to deduct their investment management fees.

**Please see the Fee Billing and Direct Debit of Fees for more information.**

Summitry urges Clients to compare the statements from the custodian with the statements from us.

# Investment Discretion

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## **Discretionary Authority for Trading**

Summitry has investment discretion on our clients' accounts. That is to say that we have the authority to determine, without obtaining specific client consent:

- Which securities to buy and sell
- What amount of the securities are to be bought or sold
- Which broker or dealer can be used

We assume authority over the account after the client has signed an Investment Management Agreement and has given their verbal consent to invest. The only limitations on the investment authority will be those limitations imposed in writing by the client. Examples of such limitations include directed brokerage, proxy voting restrictions, and restrictions on certain securities.

# Voting Client Securities

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## Proxy Voting

Summitry has a policy of responding, when authorized by its clients, to all corporate actions and reorganization activity on their behalf. All proxies will be voted in the best interest of the client. We will act on such corporate actions in a timely manner as part of our full discretionary authority over client assets in accordance with our Proxy Voting policies and procedures. Corporate actions may include, for example, tender offers or exchanges.

If clients would like to direct our vote or would like a copy of their proxy voting record or they have questions about a particular solicitation, they should contact us at [jennifer@summitry.com](mailto:jennifer@summitry.com) or (866)604-6582. Clients may retain the right to vote their own proxies. If they choose to do this, they will receive the proxies or other solicitations directly from their custodian.

We will also accept voting authority, when authorized by our clients over what are commonly known in the securities industry as “proxy statements,” which typically relate to matters of corporate governance. We have engaged a third-party, ISS Governance, to vote client proxies when the client has elected to have Summitry vote.

We require our employees to notify the CCO immediately if there is a conflict of interest related to an individual stock. If this occurs, we will put the security on a watch list. When this security has a proxy vote, we will ask the client for their voting preference and will instruct ISS Governance to vote with the clients’ directive.



# Financial Information

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Summitry has never been the subject of a bankruptcy petition and we are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients. However, should at some future date, Summitry file for bankruptcy, we may no longer be able to meet our contractual commitments to clients.

# Privacy Notice

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Summitry is committed to maintaining the confidentiality, integrity, and security of the personal information that is entrusted to us by our current and former clients.

The categories of nonpublic information that we collect from our clients may include information about their personal finances, information about their health to the extent that it is needed for the financial planning process, and information about transactions between our clients and third parties. We use this information to help our clients meet their personal financial goals.

With clients' permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom they have established a relationship. This information may include the information that was collected when their account(s) were opened or when Summitry discusses account management with clients, such as name, address, phone number, e-mail address, social security number, employment status, income, assets, family, personal financial situation, and investment objectives, etc. Clients may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With our clients' permission, we share a limited amount of information about them with their brokerage firm in order to execute securities transactions on their behalf.

We maintain a secure office to ensure that clients' information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques, and authentication procedures in our computer environment.

We do not provide clients' personal information to mailing list vendors or solicitors.

We require strict confidentiality in our agreements with unaffiliated third parties that require access to clients' personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and our clients' personal records as permitted by law.

Personally identifiable information about our clients will be maintained while they are clients, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify our clients in advance if our privacy policy is expected to change. We are required by law to deliver a Privacy Statement to our clients annually, in writing when there is a change to the policy.

# Business Continuation

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Summitry has a Business Continuation plan (the “Plan”) in place that includes the ability to recover from situations including, but not limited to, unplanned evacuations, power outages, major water leaks, fire, loss of water, severe weather, earthquakes, and any facilities failures that might cause business interruption. The Plan is designed to account for business interruptions of various lengths and scope and require that we can recover critical functions according to their time criticality.

We document and annually update a contingency plan to support the business’s needs. The plan includes event management procedures, employee communication strategies, alternate site requirements, procedures for notifying clients and recovery management. In addition, we maintain “key-man” life insurance for the principal owners of the firm. We are committed to safeguarding client assets and the business.