

Brochure

Form ADV Part 2A

Item 1 - Cover Page



STRATHMORE
CAPITAL ADVISORS

CRD# 135008

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March 11, 2024

This brochure provides information about the qualifications and business practices of Strathmore Capital Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (704) 364-4241 or tcf@strathmorecapadv.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Strathmore Capital Advisors, Inc. is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Strathmore Capital Advisors, Inc. is also available on the SEC's website at www.AdviserInfo.sec.gov.

Item 2 – Material Changes

This Item 2 discloses material changes that have been made to this Brochure since the last annual update filed March 10, 2023.

Since the last annual amendment of this Brochure, the following material changes have been made:

Item 4: has been updated regarding assets under management;

Item 7: has been updated to reflect the firm's preference for working with clients with a minimum portfolio size of \$1,000,000;

Item 8: has been updated

- to reflect that Strathmore Capital commonly invests in ETFs alongside mutual funds;
- to remove an implication from *Fixed Income Risks* that the firm commonly invests directly into fixed income instruments; and
- to add *Operational Risks*, which describes the risks associated with the firm's internal operations and with the firm's use of and reliance on third parties;

Item 12: has been updated to remove references to TD Ameritrade, as TD Ameritrade merged into Charles Schwab in late 2023;

Item 13: has been updated to reflect the firm's Chief Investment Officer's role in reviewing client accounts and relationships; and

Item 14: has been updated to remove references to TD Ameritrade, as TD Ameritrade merged into Charles Schwab in late 2023.

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Item 4 - Advisory Business

General Information

Strathmore Capital Advisors, Inc. ("Strathmore Capital") was formed in 2005 and provides portfolio management and retirement plan consulting services to its clients.

John Charles Kernodle is the sole principal owner of Strathmore Capital. Please see Strathmore Capital's Brochure Supplement for more information on Mr. Kernodle and other individuals who formulate investment advice and have direct contact with clients or have discretionary authority over client accounts.

As of December 31, 2023, Strathmore Capital managed \$379,270,872 on a discretionary basis and \$11,707,855 on a non-discretionary basis.

Services Provided

At the outset of each client relationship, Strathmore Capital spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Strathmore Capital generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile" or "Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan" or "Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan broadly outlines the types of investments Strathmore Capital will make or recommend on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client but are not necessarily written documents.

Financial Planning Advice

For clients in need of such services, Strathmore Capital includes ongoing goals-based financial planning advice regarding many aspects of the client's personal wealth with its Portfolio Management services. This advice is typically not offered as a standalone service or for a separate fee but is provided in conjunction with the management of the portfolio.

Like all services provided by Strathmore Capital, planning advice is customized to meet the individual needs of each client and generally addresses one or more areas of a client's financial situation. Depending on a client's particular situation, financial planning may include some or all of the following:

- Gathering factual information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities in light of the client's financial goals and objectives;

- Identifying problems foreseen in the accomplishment of these financial goals and objectives and offering alternative solutions to the problems;
- Making recommendations to help achieve retirement plan goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client;
- Providing estate planning;
- Assessing risk and reviewing basic health, life, and disability insurance needs; or
- Reviewing goals and objectives and measuring progress toward these goals.

The client is under no obligation to act upon any of the financial planning recommendations made by Strathmore Capital and/or to engage the services of any recommended professional.

Portfolio Management

As described above, at the beginning of a client relationship, Strathmore Capital meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Strathmore Capital based on updates to the client's financial situation or other circumstances.

To implement the client's Investment Plan, Strathmore Capital will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, Strathmore Capital will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on Strathmore Capital in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of separate client investment portfolios within the same investment objectives, goals and/or risk tolerance will differ, and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with that of similar clients of Strathmore Capital.

Retirement Plan Advisory Services

Strathmore Capital also provides advisory services to participant-directed qualified retirement plans ("Plan(s)") through third-party administration services. These providers of online bundled services offer passive investment vehicles and an opportunity for Plan sponsors to offer diversified portfolios to their participants along with daily account access, valuation, and investment education. The particular services provided will be detailed in the Plan's respective agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain Strathmore Capital; (ii) agree to the scope of the services that Strathmore Capital will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that Strathmore Capital may provide. Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed

in making investment decisions. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommendations for the Plan. The following Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

Fiduciary Consulting Services

- *Investment Selection Services:* Strathmore Capital will provide Plan Fiduciaries with recommendations of investment options consistent with section 404(c) of the Employee Retirement Income Security Act of 1974 (“ERISA”). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).
- *Discretionary Investment Advice:* Strathmore Capital uses a third-party platform to offer management services for certain held-away assets, such as defined contribution Plan Participant accounts, on a discretionary basis. Strathmore Capital does not have direct access to client login credentials to effect trades. Strathmore Capital 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 to the platform. Once a client account is connected to the platform, Strathmore Capital will review the current account allocations. When deemed necessary, Strathmore Capital will rebalance the account considering factors such as, but not limited to, client investment goals, client risk tolerance, current economic, and market trends. Client accounts will be reviewed consistent with **Item 13 – Review of Accounts** below, and allocation changes will be made as Strathmore Capital deems necessary.
- *Non-Discretionary Investment Advice:* Strathmore Capital offers Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.
- *Investment Monitoring:* Strathmore Capital will assist in monitoring the Plan’s investment options by reviewing periodic investment reports prepared by the third-party administration services referenced above. These reports document investment performance, consistency of fund management, and conformation to the guidelines set forth in the Investment Policy Statement. Strathmore Capital will also make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.
- *Plan Investment Policy Statement/Investment Documentation Process:* Strathmore Capital will assist the Plan Fiduciary with the drafting, design, implementation, maintenance, and review of an Investment Policy Statement or other investment documentation process.

Non-Fiduciary Services

- *Participant Education:* Strathmore Capital will provide education services to Plan Participants about the benefits of saving for retirement, general investment principles, and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant and individual recommendations will not be provided unless a Plan Participant separately engages

Strathmore Capital for such services. Plan Participants are responsible for implementing transactions in their own accounts.

- *Participant Enrollment:* Strathmore Capital will assist with group enrollment meetings designed to increase retirement Plan participation among employees and investment and financial understanding by the employees.

ERISA sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, Strathmore Capital will be considered a fiduciary under ERISA. For example, Strathmore Capital will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Strathmore Capital does not provide discretionary investment management services to Plans as defined under ERISA § 3(38).

With respect to any account for which Strathmore Capital meets the definition of a fiduciary under Department of Labor rules, Strathmore Capital acknowledges that both Strathmore Capital and its related persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between Strathmore Capital and the client.

Item 5 - Fees and Compensation

General Fee Information

Fees paid to Strathmore Capital are exclusive of all custodial and transaction costs paid to the client's custodian, brokers, or other third-party consultants. Please see ***Item 12 - Brokerage Practices*** for additional information. Fees paid to Strathmore Capital are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds), or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, Strathmore Capital, and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

Portfolio Management Fees

As noted above, Strathmore Capital provides financial planning advice in conjunction with portfolio management services for one all-inclusive fee. The current annual fee schedule, based on a percentage of assets under management, is as follows:

<u>Assets Under Management</u>	<u>Maximum Annual Rate</u>
First \$2,500,000	1.25%
Next \$2,500,000	0.85%
Next \$5,000,000	0.70%
Balance above \$10 million	0.50%

Strathmore Capital may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Strathmore Capital deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. Fees are prorated for asset flows of \$50,000 or greater. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization and unless other arrangements are made, fees are normally debited directly from client account(s).

Either Strathmore Capital or the client may terminate their Investment Advisory Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Strathmore Capital from the client will be invoiced or deducted from the client's account prior to termination.

Retirement Plan Advisory Services Fees

The annual fee will be charged as a percentage of assets within the Plan. The annual fee may be the same as quoted fees for portfolio management services, or it may be a mutually agreed fixed fee based on expected assets within the Plan. The specific arrangement with each Plan will be set forth in the written agreement with Strathmore Capital.

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

Strathmore Capital does not have any performance-based fee arrangements. "Side-by-side management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Strathmore Capital has no performance-based fee accounts, it has no side-by-side management.

Item 7 - Types of Clients

Strathmore Capital serves individuals, trusts, and institutional accounts such as corporations, charitable organizations, and pension and profit-sharing plans. Strathmore Capital generally prefers to work with a minimum of \$1,000,000 in managed assets for new client advisory relationships, although the firm may, in its sole discretion, make exceptions to the foregoing. Strathmore Capital does not otherwise impose a minimum fee.

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

Methods of Analysis

In accordance with the Investment Plan, Strathmore Capital will primarily invest client portfolios in mutual funds and ETFs. Following client approval, Strathmore Capital will implement the Investment Plan, as appropriate. As part of the process, Strathmore Capital will primarily evaluate and select fund allocations for the client's account(s). Clients' assets are typically allocated among funds representing various asset classes, namely cash, fixed income, and equities. As appropriate, some international fund holdings may be utilized as well. These allocations will be adjusted over time as market conditions and client circumstances change.

Funds are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Strathmore Capital uses fixed income investments from time to time as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation to a portfolio. Strathmore Capital will generally evaluate and select bond funds based on a number of factors including, without limitation, rating, yield, and duration.

Strathmore Capital will also evaluate insurance products such as annuities and various types of life insurance products, which may have been recommended to clients by other professionals.

Occasionally, clients may hold certain investments at the commencement of the relationship that are ultimately held in a managed account (so-called “legacy” positions). Generally, Strathmore Capital does not actively manage these positions. However, if appropriate and notwithstanding client instructions to the contrary, Strathmore Capital may recommend that a client reduce or entirely liquidate these positions to bring the account in line with the client’s Investment Plan.

Investment Strategies

Strathmore Capital’s primary investment strategy is asset allocation. However, the investment strategy for a specific client is based upon the objectives outlined by the client. The client may change these objectives at any time. Strathmore Capital’s strategies do not involve frequent trading, and investments are typically held for the long term.

Consistent with a client’s objectives and risk tolerance, their capital is allocated among major asset classes through the use of products such as mutual funds, ETFs, and insurance products. Portfolios typically integrate funds managed by ***Dimensional Fund Advisors*** (“DFA”), along with passively managed open-end mutual funds and ETFs as the core investments.

Risk of Loss

While Strathmore Capital seeks to diversify clients’ investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

Management Risks. While Strathmore Capital manages client investment portfolios based on Strathmore Capital’s experience, research, and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Strathmore Capital allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that Strathmore Capital’s specific investment choices could underperform their relevant indices.

Risks of Investments in Mutual Funds, ETFs, and Other Investment Pools. As described above, Strathmore Capital will invest client portfolios primarily in mutual funds, ETFs, and other

investment pools (“pooled investment funds”). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds’ success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Equity Market Risks. Strathmore Capital does not generally manage individual stock holdings. Client accounts may hold a limited number of legacy positions, but these are not selected or actively managed by Strathmore Capital. Accordingly, the client retains the responsibility for the risks carried by these securities.

Fixed Income Risks. Where appropriate, Strathmore Capital typically invests portions of client assets into pooled investment funds that invest in bonds and notes. While investing in fixed income instruments—either directly or through pooled investment funds—is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Inflation Risks. When any type of inflation is present, the purchasing power of a dollar erodes at the rate of inflation. In other words, a dollar next year will not buy as much as a dollar today. As a result, in the presence of inflation, positive returns on investment will have their purchasing power undermined. If the rate of inflation is higher than the return on investment, these returns will not suffice to maintain the purchasing power of the invested principal. Thus, a higher return on investment would be necessary to meet or exceed the purchasing power of the invested principal.

Foreign Securities Risks. Where appropriate, Strathmore Capital invests portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting, or disclosure standards, practices, or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security’s underlying foreign currency.

Market Disruption and Geopolitical Risk. The occurrence of events similar to those in recent years, such as the aftermath of the war in Afghanistan, instability in the Middle East and Eastern Europe, ongoing epidemics of infectious diseases in certain parts of the world, terrorist attacks in the U.S. and around the world, social and political discord, debt crises, sovereign debt downgrades, strained relations between the United States and a number of foreign countries, including traditional allies, historical adversaries, and the international community generally, new and continued political unrest in various countries, the exit or potential exit of one or more countries from the EU or the EMU, and a change in the U.S. president, administration, or dominant political party, among others,

can result in market volatility, have long-term effects on the U.S. and worldwide financial markets, and cause further economic uncertainties in the U.S. and worldwide.

The occurrence of any of these above events could have a significant adverse impact on the value and risk profile of a client's portfolio. Strathmore Capital does not know how long the securities markets will be affected by similar events and cannot predict the effects of similar events in the future on the U.S. economy and securities markets. There can be no assurances that similar events and other market disruptions will not have other material and adverse implications.

Margin Risk. Strathmore Capital does not use margin as an investment strategy. However, clients may elect to borrow funds against their investment portfolio. When securities are purchased, they may be paid for in full or the client may borrow part of the purchase price from the account custodian. If a client borrows part of the purchase price, the client is engaging in margin transactions and there is risk involved with this. The securities held in a margin account are collateral for the custodian that loaned the client money. If those securities decline in value, then the value of the collateral supporting the client's loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the client's account. The brokerage firm may issue a margin call and/or sell other assets in the client's account to accomplish this. It is important that clients fully understand the risks involved in trading securities on margin, including but not limited to:

- It is possible to lose more funds than is deposited into a margin account;
- The account custodian can force the sale of assets in the account;
- The account custodian can sell assets in the account without contacting the client first;
- The account holder is not entitled to choose which assets in a margin account may be sold to meet a margin call;
- The account custodian can increase its "house" maintenance margin requirements at any time without advance written notice; and
- The account holder is not entitled to an extension of time on a margin call.

Environmental, Social Responsibility, and Governance (ESG). Clients utilizing responsible investing strategies and environment, social responsibility, and corporate governance (ESG) factors may underperform strategies that do not utilize such considerations. Responsible investing and ESG strategies may operate by either excluding the investments of certain issuers or by selecting investments based on their compliance with factors such as ESG. These strategies may exclude certain securities, issuers, sectors, or industries from a client's portfolio, potentially negatively affecting the client's investment performance if an excluded security, issuer, sector, or industry outperforms. Responsible investing and ESG are subjective by nature, and Strathmore Capital may rely on rankings, ratings, scores, and other analytic metrics provided by third parties in determining whether an issuer meets Strathmore Capital's standards for inclusion or exclusion. A client's perception may differ from that of Strathmore Capital or a third party on how to judge an issuer's adherence to responsible investing principles.

Information Security Risks. Information security risks for financial institutions are significant in part because of the proliferation of new technologies to conduct financial transactions and the increased sophistication and activities of organized crime, terrorists, hackers, and other external parties, including foreign state actors. A breach of security also can affect adversely the ability to effect

transactions, service clients, and manage exposure to risk. An event that results in the loss of information would require the firm to reconstruct lost data or reimburse clients for data and credit monitoring services, which could be costly and have a negative impact on the firm's business and reputation. Further, even if not directed at the firm, attacks on financial or other institutions important to the overall functioning of the financial system or on the services upon which Strathmore Capital relies could affect, directly or indirectly, aspects of Strathmore Capital's business.

Operational Risks: Strathmore Capital and the portfolios it manages are exposed to operational risks such as the risk of human error or failures in systems, technology, or processes, either internally or at third parties. The firm's business operations can be impacted, in part, by software or hardware malfunctions, viruses, cyberattacks, ransomware, glitches, process errors, connectivity loss, or system failures. Various operational events or circumstances are beyond Strathmore Capital's control, including instances at third parties, and can include human errors or events in part caused by changes in personnel, system changes, or faults in communication or technology failures. These circumstances, including systems failures and malfunctions, could cause disruptions and negatively impact a portfolio's service providers and a portfolio's operations, potentially including impediments to trading portfolio securities. Increased use of and reliance on systems, technology, or processes, both internally and at third parties, can cause portfolios and Strathmore Capital generally to be more susceptible to operational and system risks, including the information security risks addressed above.

Strathmore Capital seeks to minimize operational risks and related risks through controls and oversight, but there is no guarantee that those measures will be effective, including because Strathmore Capital does not control operational risk management at third parties. There are inherent limitations in such controls (including the possibility that contingencies have not been anticipated and procedures do not work as intended) and under some circumstances, Strathmore Capital and any third-party service providers could be prevented or hindered from providing services to a portfolio for extended periods of time. There may also be failures or instances that cause losses to a portfolio or impact Strathmore Capital's or a third party's functions. Unless otherwise agreed in writing with a client, Strathmore Capital typically will not be responsible for errors caused by its reasonable reliance on third parties, such as brokers, custodians, agents, administrators, technology providers, data sources, and other providers, and data or information such third parties provide or fail to provide.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Strathmore Capital or the integrity of Strathmore Capital's management. Strathmore Capital has no disciplinary events to report.

Item 10 - Other Financial Industry Activities and Affiliations

Strathmore Capital has no other financial industry activities or affiliations to disclose.

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

Code of Ethics and Personal Trading

Strathmore Capital has adopted a Code of Ethics (“the Code”), the full text of which is available upon request. Strathmore Capital’s Code has several goals. First, the Code is designed to assist Strathmore Capital in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Strathmore Capital owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with Strathmore Capital (managers, officers, and employees) to act with honesty, good faith, and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Strathmore Capital’s associated persons. Under the Code’s Professional Standards, Strathmore Capital expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Strathmore Capital’s associated persons are not to take inappropriate advantage of their positions in relation to Strathmore Capital clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, Strathmore Capital’s associated persons invest in the same securities recommended to clients. Under its Code, Strathmore Capital has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code’s personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading, and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that could potentially disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions

Because client accounts are invested almost exclusively in open-end mutual funds, bond portfolios, and ETFs, there is little opportunity for a conflict of interest between personal trades by Strathmore Capital associated persons and trades in client accounts, even when such accounts invest in the same securities. However, in the event of other identified potential trading conflicts of interest, Strathmore Capital’s goal is to place client interests first.

Consistent with the foregoing, Strathmore Capital maintains policies regarding participation in initial public offerings (“IPOs”) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a Strathmore Capital associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer prior to such participation or investment.

Item 12 - Brokerage Practices

Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, Strathmore Capital seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided, and commission rates. Therefore, Strathmore Capital may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third-party research (or any combination) and may be used in servicing any or all of Strathmore Capital’s clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Strathmore Capital recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. (“Schwab”). Schwab is an SEC and FINRA registered broker-dealer, member SIPC, who can serve as a qualified custodian to maintain custody of clients’ assets. Strathmore Capital typically effects trades for client accounts at Schwab, but may in some instances, consistent with Strathmore Capital’s duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although Strathmore Capital recommends that clients establish accounts at Schwab, it is ultimately the client’s decision to custody assets with Schwab. Strathmore Capital is independently owned and operated and is not affiliated with Schwab.

Schwab provides Strathmore Capital with access to its institutional trading, custody, reporting, and related services, which are typically not available to Schwab’s retail investors. Schwab also makes available various support services. Some of those services help Strathmore Capital manage or administer its clients’ accounts, while others help Strathmore Capital manage and grow its business. These services generally are available to independent investment advisers on an unsolicited basis and at no charge. These services are not soft dollar arrangements, but they are part of the institutional platform offered by Schwab. Schwab’s brokerage services include the execution of securities transactions, custody of securities, clearance and settlement of transactions, research, and access to funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. There is no direct link between Strathmore Capital’s participation in the program and the investment advice it gives to its clients, although Strathmore Capital receives economic benefits through its participation in the program.

For Strathmore Capital client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab’s accounts. Schwab also makes available to Strathmore Capital other products and services that benefit Strathmore Capital but may not directly benefit its clients’ accounts. Many of these products and services may be used to service all or some substantial number of Strathmore Capital accounts, including accounts not maintained at Schwab.

Schwab’s products and services that assist Strathmore Capital in managing and administering clients’ accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate

aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of Strathmore Capital's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help Strathmore Capital manage and further develop its business enterprise. These services may include: (i) compliance technology, legal, and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants, and insurance providers. Schwab may make available, arrange, and/or pay third-party vendors for the types of services it renders to Strathmore Capital. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Strathmore Capital. Schwab also provides other benefits, such as educational events or occasional business entertainment for Strathmore Capital personnel. In evaluating whether to recommend that clients custody their assets at Schwab, Strathmore Capital may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which would create a potential conflict of interest.

Directed Brokerage

Clients may direct Strathmore Capital to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that Strathmore Capital has with Schwab is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers can in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing Strathmore Capital to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Strathmore Capital that the client has the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants, and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Aggregated Trade Policy

Strathmore Capital typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time, Strathmore Capital aggregates trades together for multiple client accounts, most often when these accounts are being directed to buy or sell the same securities. If such an aggregated trade is not completely filled, Strathmore Capital will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a *pro rata* or other fair basis, provided, however, that any participating accounts that are owned by Strathmore Capital or its officers, directors, or employees will be excluded first.

Item 13 - Review of Accounts

Managed portfolios are reviewed at least annually but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Strathmore Capital. These factors generally include but are not limited to: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. John Charles Kernodle, William Kernodle, Bob Kernodle, and Max Stroman, each a Financial Advisor of Strathmore Capital, review accounts. Zach Huneycutt, the firm's Chief Investment Officer, reviews accounts as well. Taylor Faw, the firm's Chief Compliance Officer, also periodically reviews accounts for compliance and conformity with Strathmore Capital's policies and procedures.

For those clients to whom Strathmore Capital provides financial planning services, reviews are conducted on an as-needed or agreed-upon basis. Such reviews are conducted by one of Strathmore Capital's Financial Advisors and by the Chief Investment Officer.

Strathmore Capital will provide Participant-Directed Qualified Retirement Plan Services clients with annual reports regarding the performance of recommended investments.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, Strathmore Capital provides a quarterly report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

Item 14 - Client Referrals and Other Compensation

Other Compensation

As noted above, Strathmore Capital receives an economic benefit from Schwab in the form of support products and services it makes available to Strathmore Capital and other independent investment advisers whose clients maintain accounts at Schwab. These products and services, how they benefit the firm, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of Schwab's products and services to Strathmore Capital is based solely on the firm's participation in the programs and not on the provision of any particular investment advice.

Client Referrals

Strathmore Capital occasionally provides advice regarding non-investment related matters, such as estate, tax, and insurance planning. Strathmore Capital and its personnel do not serve as attorneys, accountants, or insurance agents, and no portion of the firm's services should be construed as such. To the extent requested by a client, Strathmore Capital may also recommend the services of other, unaffiliated professionals for certain non-investment implementation purposes (e.g., attorneys, accountants, insurance agents). Clients are under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation the firm makes. Strathmore Capital should not be held responsible for the services provided by any engaged professional.

Strathmore Capital occasionally pays referral fees to independent persons ("Solicitors") for introducing clients to the firm. Whenever Strathmore Capital pays a referral fee, it requires the Solicitor to provide the prospective client with a copy of this document and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with Strathmore Capital;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to Strathmore Capital by the client will be increased above the firm's normal fees in order to compensate the Solicitor.

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

As noted above, Strathmore Capital receives an economic benefit from Schwab in the form of support products and services it makes available to the firm and other independent investment advisers whose clients maintain accounts at Schwab. Clients do not pay more for assets maintained at Schwab as a result of these arrangements. However, Strathmore Capital benefits from the arrangement because the cost of these services would otherwise be borne directly by the firm. Clients should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit Strathmore Capital, and the related conflicts of interest are described in **Item 12 - Brokerage Practices**. The availability of custodians' products and services to Strathmore Capital is based solely on its participation in the programs and not in the provision of any investment advice. Schwab is not paid to refer clients to Strathmore Capital.

Item 15 - Custody

Strathmore Capital does not have physical custody of any client accounts, assets, or funds. However, under SEC regulations, an investment adviser who has the authority to deduct, or to cause the account custodian to deduct, the investment adviser's fee may be deemed to have custody of the account for certain purposes. Strathmore Capital has the authority to calculate its applicable advisory fees and to instruct the account's custodian to deduct those advisory fees from the client's account and to remit the fees to Strathmore Capital. Strathmore Capital has also established third-party standing letters of authorization ("SLOAs") for the transfer of money from clients' custodial accounts to third parties, based on instructions provided by the client. As a result, Strathmore

Capital may be deemed to have custody of some or all of the client's assets under the SEC's Custody Rule (Rule 206(4)-2).

Rule 206(4)-2 requires that Strathmore Capital maintain the assets of its investment management clients with one or more "qualified custodians." Schwab is the custodian of nearly all client accounts at Strathmore Capital. From time to time, however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms, and at least quarterly account statements. Clients are advised to review this information carefully and to notify Strathmore Capital of any questions or concerns. Clients are also asked to promptly notify Strathmore Capital if the custodian fails to provide statements on each account held therewith.

From time to time and in accordance with Strathmore Capital's agreement with clients, Strathmore Capital will provide clients with additional reports regarding their accounts. These reports are also made available through client portals at any time. These reports are not account statements, and Strathmore Capital urges clients to compare the account balances reflected on these reports with the balances shown on the custodian's statements to ensure accuracy. At times, there may be small differences due to the timing of dividend reporting, pending trades, or other similar issues. Clients who have questions or concerns about such differences should contact Strathmore Capital.

Item 16 - Investment Discretion

As described above under ***Item 4 - Advisory Business***, Strathmore Capital manages portfolios on a discretionary basis. This means that a Limited Power of Attorney ("LPOA") is executed by the client, giving Strathmore Capital the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client, and; the withdrawal of advisory fees directly from the account. Strathmore Capital then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Strathmore Capital and the requirements of the client's custodian. The discretionary relationship is further described in the agreement between Strathmore Capital and the client.

Item 17 - Voting Client Securities

As a matter of firm policy and in accordance with Strathmore Capital's client agreement, Strathmore Capital does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Strathmore Capital with questions relating to proxy procedures and proposals; however, Strathmore Capital generally does not research particular proxy proposals.

Item 18 - Financial Information

Strathmore Capital does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Further, Strathmore Capital has not been the subject of a bankruptcy petition or any other any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients at any time during the past ten years. Therefore, Strathmore Capital has no disclosure to make pursuant to this Item.