

**Item 1: Cover Page**

**FORM ADV PART 2A  
INFORMATIONAL BROCHURE**



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**This brochure provides information about the qualifications and business practices of Compass Investments, LLC (CRD# 141323). If you have any questions about the contents of this brochure, please contact us at (570) 916-2208 and/or [oknecht@compassinvestmentsllc.com](mailto:oknecht@compassinvestmentsllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Compass Investments, LLC is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about Compass Investments, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:       Material Changes**

Compass Investments, LLC is required to disclose any material changes to this ADV Part 2A here in Item 2. There are currently no material changes to report.

**Item 3: Table of Contents**

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## INFORMATIONAL BROCHURE

### COMPASS INVESTMENTS, LLC

#### **Item 4:       Advisory Business**

Compass Investments, LLC has been in business since August 2006 and serves a diverse client base. Each of the firm's investment advisors has a unique set of clients, ranging from military personnel to artists, and from business owners to high-tech professionals. While each advisor employs his or her own individual approach to investment management, all are united under Compass Investment's mission to provide the highest quality service, tailored to the goals and needs of the client, while upholding the strictest standards of ethics and best practices. Olivia Knecht is the sole owner of Compass Investments.

##### *Asset Management*

The investment management that Compass Investments provides for its clients takes into consideration each client's individual situation. In order to best serve the client, Compass advisors assess a variety of factors to determine an investment plan: risk tolerance, the needs of each client and/or the client's investment goals, how many years before the client is likely to need their investment funds, how involved the client wants to be in the investment process, the likelihood of clients reaching their goals through a combination of investment returns and savings.

When we perform asset management services, we will generally do so on a discretionary basis. This means that while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, we will not seek specific approval of changes to the securities in client accounts. Clients can make deposits or withdrawals in their accounts at any time. Because we take discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us discretionary authority over the client accounts) through an Investment Management Agreement that outlines the responsibilities of both the client and Compass Investments. This Limited Power of Attorney does not grant Compass Investments the authority to make any withdrawals or transfers in or out of a client account beyond the deduction of fees. Such other transfers will only be made at the specific direction of the client. Advisory services are tailored to the specific needs of an individual client. Clients may place reasonable restrictions on the management of assets, including specific securities or types of securities. However, clients should understand that significant restrictions may decrease the ability of Compass Investments to meet the client's goals.

In very limited cases, Compass Investments may provide investment management services on a non-discretionary basis, which means we will manage the clients' accounts as we do for our discretionary clients, except we will receive approval from the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, and, as such, their performance may be affected if Compass Investments is unable to reach them on a timely basis.

Compass Investments does not participate in or offer or sponsor a wrap fee program.

## Assets Under Management

As of December 31, 2023, Compass has \$76,417,043 in assets under management across 412 accounts, all of which is managed on a discretionary basis.

### **Item 5: Fees and Compensation**

#### **A. Fees Charged**

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##### *Asset Management*

All asset management clients will be required to execute an Investment Management Agreement which describes both fees and services provided. Generally, annual asset management fees range between 0.50% and 1.35 %

Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Lower fees for comparable services may be available from other sources. Factors affecting fee percentages include the size of the account, complexity of asset structures, length of time the client has been with the firm, and other factors.

#### **B. Fee Payment**

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Investment advisory fees will generally be debited directly from each client's account. The advisory fee is paid quarterly, in arrears, per annum of the market value of the assets being managed by Compass Investments. For example, if your annual fee is 1.00%, each quarter we will multiply the value of your account on the last day of the billing period by 1.00%, then divide by four to calculate our fee. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees if it is part of the investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to Compass Investments. While almost all of our clients choose to have their fee debited from their account, we will invoice clients upon request and permit payment of fees by check payable to Compass Investments.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian. Each month, clients will receive a statement from their account custodian showing all transactions in their account, including the advisory fee. Clients should carefully review their statements, including the fee amounts, and should contact Compass Investments with any questions.

#### **C. Other Fees**

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There are a number of other possible fees that can be associated with holding and investing in securities. Clients will be responsible for transaction fees for the purchase or sale of stocks, bonds, mutual funds or exchange traded funds. For complete discussion of expenses related to each mutual fund, investors should obtain and read a copy of the prospectus issued by that fund. Compass Investments can direct investors to the offering material or prospectus for any manager or fund that is used in our strategies. These fees are charged by your account custodian. Compass Investments does not share in these fees.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

#### **D. Pro-rata Fees**

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If a client becomes a client during a quarter, they will not pay a management fee until the end of the first full quarter that they are a client. If clients terminate the relationship during a quarter, they are only billed on the number of days that they were an active client. Once the relationship terminates, Compass will cease to perform services, including processing trades and distributions. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be “de-linked”, meaning they will no longer be accessible to Compass.

#### **E. Compensation for the Sale of Securities**

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Compass Investments does not receive any commissions or fees from investment product providers or custodians. Its sole source of income is from fees paid by clients.

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

To avoid conflict of interests, fees will not be based upon a share of capital gains or capital appreciation of your accounts (otherwise known as “performance-based fees”).

### **Item 7: Types of Clients**

Clients advised may include individuals, trusts, estates, charitable organizations, self-employed persons and other business entities. Compass’ investment minimum is \$50,000 and may be waived at the discretion of the advisor.

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

**It is important for you to know and remember that all investments carry risks. Investing in securities involves risk of loss that clients should be prepared to bear.**

Each client’s portfolio will be invested according to that client’s investment objectives, which are typically ascertained through the financial planning process for those clients who were introduced to the firm and began with such services. For other clients, information regarding investment objectives will be obtained through client interviews and documents provided by the client. Once we ascertain your objectives for each account, we will work with you to ascertain your associated risk tolerance level. Using fundamental analysis, we base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses.

We may periodically recommend changes to the investment strategies and client portfolios to meet our guidelines for asset allocation or an individual client’s objectives. While clients may be invested towards one of these target model allocations, there may be variations from client to client. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not strict rules. Rather, we review accounts individually, and may deviate from the

guidelines as we believe necessary. We may utilize both active and passive strategies within portfolios depending on the client's objectives.

By looking at client's accounts as one household, we create one overall portfolio. Once that allocation is decided, we aim to position assets in the most tax efficient, fee friendly, optimized account. While one asset may be held in multiple accounts, we strive to hold each asset in only one account, cutting down on transaction costs, reporting complexity, and portfolio redundancy. In so doing, we allow for economies of scale and greater utilization of efficient investment structures such as SMAs, that wouldn't otherwise be available in every account.

Additionally, as assets are transferred from a client's prior advisors to Compass Investments, clients may hold legacy securities and may place restrictions on individual security types. Legacy securities are those that a client owned prior to or separate from the portfolio created by Compass. If a client transfers mutual fund shares to Compass Investments that are not the lowest-cost share class, and Compass Investments is not recommending disposing of the security altogether, Compass Investments may attempt to convert such mutual fund share classes into the lowest-cost share classes the client is eligible for, considering any adverse tax consequences associated with such conversion.

Depending on a client's given circumstances, Compass Investments may recommend that a client rollover retirement plan assets to an Individual Retirement Account (IRA) managed by us. As a result, Compass Investments may earn fees on those accounts. This presents a conflict of interest, as Compass Investments has a financial incentive to recommend that a client roll over retirement assets into an IRA we will manage. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they are under no obligation to implement the recommendation to roll over retirement plan assets. Compass Investments attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis, and by requiring advisors of Compass Investments to acknowledge their fiduciary responsibility toward each client.

Additionally, part of the Compass Investments process includes, where appropriate, involving multiple generations in order to facilitate family financial planning. This can increase the financial education of the later generations and manage expectations. However, potential for conflicts of interest exist with the exchange of intergenerational information. Compass Investments attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

The Firm employs a wide range of methods to evaluate investments and manage portfolios, including fundamental analysis, some aspects of technical analysis and study of price trends, and analysis of economic, market, industry, firm, and product cycles and trends. The Firm's investment philosophy places an emphasis on seeking a margin of safety in price. Typical sources of information include company SEC filings, press releases, company websites, company earnings calls, financial news and quotation services, financial data providers, financial newspapers and magazines, corporate rating services, analyst research reports, financial weblogs, internet discussion boards, and financial websites.

Some of Compass' advisers do subscribe to various investment advisory newsletters and based on the information published in those newsletters may make specific recommendations. Some examples of current newsletters that are subscribed to are: GMO, Stansberry Research, The Street Authority, Agora Financial, Active Trading Partners, and the American Association of Individual Investors.

The Firm continually adapts its investment strategies to market conditions and individual client needs. Years of experience have shown that no one approach works at all times for all clients. Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time

horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### Third Party Managers

In some instances, Compass may utilize other managers to assist in the management of client assets. These managers are selected by Compass after a process whereby Compass evaluates each manager's investment performance, operations, and offerings to determine if the manager would be a fit for Compass clients. This process continues on an ongoing basis, throughout the time the client works with the third party manager. Prior to referring any client to another manager, Compass will confirm that such manager is registered, or exempt from registration, as an investment adviser. Compass will also notify clients prior to placing their assets with a third party manager.

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** These risks may include but are not limited to:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that Compass Investments may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Compass Investments endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Some companies may be more susceptible to this type of risk. For example, cyclical companies (like automobile companies) may be at higher risk due to unpredictable income streams.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach



satisfactory investment conclusions.

- **Margin Risk.** “Margin” is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk. Any client account that will use margin will do so in accordance with Regulation T. Compass Investments may utilize margin on a limited basis for clients with higher risk tolerances.

- **Short Sales.** “Short sales” are a way to implement a trade in a security Compass Investments feels is overvalued by placing a sale for a share of an unowned security. Unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus, in a short sale, the potential for loss is unlimited and unknown. Compass Investments utilizes short sales in very limited situations and only when the client’s risk tolerances permit.

- **Small Companies.** Some investment opportunities in the marketplace involves smaller issuers. While these companies, such as start-ups, sometimes have potential for outsized returns, they also may carry increased risk. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While Compass Investments selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. If an unexpected event occurs that affects a specific sector or geography that a portfolio is highly concentrated in, the client’s equity portfolio may be affected negatively, with the potential to incur significant losses.

- **Transition risk.** As assets are transitioned from a client’s prior advisers to Compass Investments there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, our advisors may recommend that those investments will be sold in order to reposition the portfolio into the asset allocation strategy selected by Compass Investments. Some investments may not be unwound for a lengthy period of time for reasons including unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client’s holdings into recommendations of Compass Investments may adversely affect the client’s account values, as Compass Investments’ recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions limit our ability to implement recommendations, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time in which the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you may not realize as much value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **REITs:** Compass Investments may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as “REITs”. A REIT is an entity, typically a trust or corporation that accepts investments from a number of investors, pools the money, and then uses that

money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs do carry risks. First, REITs, even those traded on an exchange, can be hard to sell and receive full value (**what is known as being “illiquid”**). Second, real estate investing can be highly volatile. Third, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. REITs are used by Compass Investments as a way to generate income for a portfolio. Even if a REIT drops in trading price significantly, its value in terms of income generation can still be present. If a significant drop in price for an individual REIT security in your portfolio is beyond your risk tolerance, please advise Compass Investments of this preference, and your portfolio will not include REITs without your consent. Clients should ensure they understand the role of the REIT in their portfolio.

- **Interest Rate Risks:** The prices of, and the income generated by, most debt and equity securities may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities generally will decline when interest rates rise and will increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, “call,” or refinance a security before its stated maturity date, which may result in having to reinvest the proceeds in lower-yielding securities.
- **Credit risks:** Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default
- **Risks of investing outside the U.S.:** Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent. Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks. Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.
- **Options.** Options trading involves a significant degree of risk. The purchase of a put or call option may lose the entire premium paid. If a put or call option is written or sold, the loss is potentially unlimited.

## **Item 9: Disciplinary Information**

There are no disciplinary items to report.

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

### **A. Broker-dealer**

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Please refer to Item 12 which discusses Compass Investments’ relationship with broker-dealers.

## **B. Futures Commission Merchant/Commodity Trading Advisor**

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Neither the principals nor any related 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.

## **C. Relationship with Related Persons**

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This item is not applicable.

## **D. Recommendations of Other Advisers**

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As discussed in Item 8, Compass may recommend the use of one or more third party managers.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Compass Investments does not recommend to clients that they invest in any security in which Compass Investments, or any principal thereof has any material financial interest.

C. On occasion, an employee of Compass Investments may purchase for his or her own account securities which are also recommended for clients, and in limited circumstances this may be done at the same time the clients purchase securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client, all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

### **Item 12: Brokerage Practices**

#### **A. Recommendation of Broker-Dealer**

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Compass does not maintain custody of client assets, though Compass may be deemed to have custody if a client grants Compass authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. Compass recommends that investment accounts be held in custody by Charles Schwab & Co, Inc. ("Schwab"), which is a qualified custodian. Compass is independently owned and operated and is not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when Compass instructs them to, which Compass does in accordance with its agreement with the client. While Compass recommends that clients use Schwab as custodian/broker, the client will decide whether to do so and will open their account with Schwab by entering into an account agreement directly with them. Compass does not open the account for clients, although Compass may assist

clients in doing so. Even though the client account is maintained at Schwab, we can still use other brokers to execute trades for the client account as described below (see “Client brokerage and custody costs”).

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (Ex: costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to Compass as part of our evaluation of these broker-dealers.

### **Your brokerage and custody costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the client’s Schwab account. In addition to commissions, Schwab charges clients a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client’s Schwab account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Because of this, in order to minimize client’s trading costs, we have Schwab execute most trades for client accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

### **Products and services available to us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like Compass. They provide Compass and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Compass manage or administer our clients’ accounts, while others help Compass manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to Compass. Following is a more detailed description of Schwab’s support services:

#### *Services that benefit clients*

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit clients and client accounts.

#### *Services that may not directly benefit clients.*

Schwab also makes available to us other products and services that benefit us but may not directly benefit clients or client accounts. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including

accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

*Services that generally benefit only us.*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

#### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that clients maintain their account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on a client's interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to Compass as part of our evaluation of these broker-dealers.

#### **B. Aggregating Trades**

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Commission costs can sometimes be reduced by trading multiple accounts at the same time. This is called aggregating trades. Instead of placing multiple individual trades for the same security for multiple accounts, Compass executes (when advantageous) one trade for all of the accounts in which it wishes to trade and then allocates portions of the trade to each account after execution. If an aggregate trade is not fully executed, the securities are allocated to client accounts on a pro rata basis, except where doing so would create an unintended adverse consequence.

### **Item 13: Review of Accounts**

Compass advisors will monitor client accounts on a continuous basis and will conduct account reviews at least annually and upon your request to ensure that the advisory services provided to you are consistent with your current investment needs and objectives.

More frequent account reviews are triggered by such factors as: a) awareness of a material change in a client's circumstances or investment objectives, b) significant changes in market conditions, c) changes in the portfolio manager's assessment of a security held in an account, and d) divergence of an account's investment performance from management's expectations.

We will provide you with annual performance reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. These reports are generated by the Assetbook Portfolio Management System. The reports will be both written and in graph format. In addition, you will receive trade confirmations and monthly statements from your account custodian. You should compare our statements with the statements from your account custodian to reconcile the information reflected on each statement.

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

#### **A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

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*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

#### **B. Compensation to Non-Advisory Personnel for Client Referrals.**

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Clients may be introduced to Compass via other third parties. If a client is introduced to Compass by either an unaffiliated or an affiliated solicitor, Compass may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Unaffiliated or affiliated solicitors will be licensed in accordance with applicable state laws. Any such referral fee shall be paid solely from Compass' investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Compass by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of Compass' ADV, and a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Compass and the solicitor, including the compensation to be received by the solicitor from Compass.

### **Item 15: Custody**

Compass Investments may assume custody of client funds in two ways: directly debiting its fees from client accounts pursuant to applicable agreements granting such right and permitting clients to issue standing letters of authorization ("SLOAs"). SLOAs permit a client to issue one document that directs Compass Investments to make distributions out of the client's account(s) over time.

Clients provide written authorization to debit advisory fees from their account held by a qualified

custodian. Each quarter, clients receive a statement from the custodian detailing the fees to be debited, the value of assets on which the fee is based, and the time period covered by the fee. Advisory fees are not independently calculated or verified by the custodian. The client also receives a statement from the account custodian showing all transactions in the account, including the fee debited.

Compass Investments encourages clients to carefully review the statements and confirmations sent to them by their custodian and to compare the information on the semi-annual report prepared by Compass Investments to the information in the statements provided directly from Schwab. Clients should alert Compass Investments of any discrepancies.

In addition to the account custodian's custody procedures, clients issuing SLOAs are required to confirm in writing that the account to which funds are distributed belongs to parties unrelated to Compass Investments.

#### **Item 16: Investment Discretion**

When Compass Investments is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we can make the changes without your prior confirmation. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Engagement Agreement that outlines the responsibilities of both the client and Compass Investments.

Please see Item 4 herein for more information regarding discretionary management services.

#### **Item 17: Voting Client Securities**

At times, shareholders of stocks, mutual funds, exchange traded funds, or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, and board elections. Clients are required to vote proxies related to their investments or to choose not to vote their proxies. Compass Investments does not accept authority to vote client securities. Clients receive their proxies directly from the custodian for the client account. On rare occasions and only at your request, we will offer you advice regarding corporate actions and the exercise of your proxy voting rights.

#### **Item 18: Financial Information**

Compass Investments does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.