

**Part 2A of Form ADV**  
**Firm Brochure**  
**March 21, 2024**  
**Chicago Partners Investment Group LLC**  
**d/b/a Chicago Partners Wealth Advisors**  
SEC File No. 801-69500

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This brochure provides information about the qualifications and business practices of Chicago Partners Investment Group LLC, d/b/a Chicago Partners Wealth Advisors. If you have any questions about the contents of this brochure, please contact us at 312-284-6363. 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. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Chicago Partners Investment Group LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) or by searching our firm name or our CRD# 147662. You may also request a copy of this Disclosure Brochure at any time by contacting us at (312) 284-6363 or by email [jim@chicagopartnersllc.com](mailto:jim@chicagopartnersllc.com)

### **Material Changes for Form ADV Part 2A, Disclosure Brochure**

Since the last annual amendment filing, this Disclosure Brochure has been revised throughout to indicate that TD Ameritrade accounts have transitioned to the Schwab platform. Items 4 and 11 have been revised regarding a new sub-advised private fund.

**ANY QUESTIONS: Our Chief Compliance Officer, James Hagedorn, remains available to address any questions that an existing or prospective client may have regarding this Brochure.**

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## Item 4. Advisory Business

### A. Description of Your Advisory Firm

Chicago Partners Investment Group LLC, d/b/a Chicago Partners Wealth Advisors ("CP" and/or "the firm") is an Illinois limited liability company and an independently owned SEC-registered investment advisor. The firm is headquartered in Chicago, IL. The firm was founded in 2009 by James Hagedorn, CFA (Managing Partner), and co-founded by Anthony Halpin, CPA (Partner). Mr. Hagedorn is the majority and principal owner of CP.

### B. Description of Advisory Services Offered

CP offers discretionary and non-discretionary investment advisory services to high-net-worth individuals, trusts, not-for-profit plans, endowments, charitable organizations, corporations, other business entities. CP's advisory services may include financial planning, portfolio management, selection of other advisers, and 401(k) plan option review and monitoring. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of CP), CP may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

#### B.1. Portfolio Management Services

##### B.1.a. Separately Managed Accounts

CP advises on the assets of its clients based on their selected investment strategy in accordance with their investment objectives, risk tolerance, time horizon, and any reasonable restrictions they impose.

- **Step 1 – Analyze Current Portfolio.** We review the client's current investment portfolio. Through the Wealth Management System (WMS), we can aggregate in current holdings, which include investments that we will manage as well as investments the client plans to keep with other managers. We will analyze this information to help determine areas that may be lacking in diversification as well as areas that hold underperforming or high fee investments. We partner with clients to be their General Manager in making sure all their investments work in concert together.
- **Step 2 – Design Optimal Portfolio.** We design an optimal portfolio for the client based on outside holdings, cash needs and risk profile. Using our analysis of the client's current portfolio as well as discussions and meetings with the client, we will design a portfolio that meets the client's investment goals and objectives. This is a customized process and the portfolio will be designed so that it is unique to the client's specific situation.
- **Step 3 – Investment Advisory Agreement.** We formalize the investment relationship with the client. Through a disciplined, ongoing and collaborative approach, we will build with the client a comprehensive strategic asset allocation with asset class targets that we will manage to maintain.
- **Step 4 – Build Portfolio.** We build the client's portfolio. We will provide the client with the necessary documents to open the appropriate investment accounts at one of the custodians

that we partner with. We will then facilitate the transfer of assets from other custodians or help the client deposit funds to their accounts. Once the accounts are funded, we will outline the appropriate trading strategy. We will then place the trades on the client's behalf based on our agreed upon trading strategy.

- **Step 5 – Monitor and Review.** We monitor and review the client's portfolio. As soon as the new accounts are open, the client will begin receiving monthly statements from the custodian. The client will also receive a custom quarterly reporting package from us that provides economic updates, asset allocation overview, performance data and relevant tax related information. We also have the ability to produce custom reports on an as-needed basis to help the client stay up to date with their portfolio and to help us continually monitor how the portfolio is performing. We will review the portfolio with the client when desired and will make appropriate changes as needed.

In addition to providing CP with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. Before engaging CP to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with CP setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

On a quarterly basis, CP's reports to clients will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. CP will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **B.2. Family Office**

- **Step 1 - Provide Comprehensive Performance Reporting.** We will aggregate all investment accounts. We will provide a consolidated "One Page" investment summary of each account relative to their appropriate benchmark, as well as performance information by asset class and security.
- **Step 2 - Provide Comprehensive Asset Allocation Reporting.** We will create a comprehensive asset allocation statement breaking down an aggregated investment portfolio by asset class relative to strategic targets.
- **Step 3 - Provide Recommendations on Asset Allocation Changes.** Based on information generated in steps 1 & 2 above, we will recommend changes in the asset allocation to make sure the family has real diversification and is positioned to meet their investment objectives. Importantly, we will work with each family member to make sure their investment program complements the comprehensive investment portfolio for the family.

- **Step 4 - Provide Recommendations on Manager Changes.** Based on the information in Steps 1, 2 & 3, we will recommend changes to existing managers/investments and also recommend new managers/investments to help the portfolio maximize after tax returns for a given level of risk.
- **Step 5 - Provide Insights & Ongoing Guidance On How to Drive Down Overall Investment, Reporting & Implementation Fees and Costs.** Fees matter significantly. We help Family Offices dramatically reduce unnecessary fees and expenses through our unique approach to drive down investment manager, investment advisory, trading and tax costs.

### **B.3. Consulting Services**

CP may be engaged to provide specified consulting services. During or upon completion of any such services, CP may, if requested by the client, recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from CP. However, if a client engages the services of any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not CP, shall be responsible for the quality and competency of the services provided.

### **B.4. Retirement Plan Consulting Services**

CP may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Consulting Agreement between CP and the plan. For such engagements, CP may assist the Plan sponsor to select an investment platform from which Plan participants shall make their respective investment choices, and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

### **B.5. 401(k) Savings & Retirement Plan Services**

CP provides investment education and advice to eligible employees and participants of 401(k)/profit sharing plans. The firm provides advice on investment choices and strategies through meetings conducted once annually with each of the participant groups.

If requested to do so, CP shall provide investment advisory services relative to 401(k) plan assets maintained by the client in conjunction with the retirement plan established by the client's employer. In such event, CP shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. CP ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. CP will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify CP of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account. Unless expressly indicated by the CP to the

contrary, in writing, the client's 401(k) plan assets shall be included as assets under management for purposes of CP calculating its advisory fee.

## **B.6. Chicago Partners Optimized Intelligent Portfolio Program**

### **Program Overview**

When consistent with a client's investment objectives, CP may offer portfolio management services through the Chicago Partners Optimized Intelligent Portfolio Program (the "Program"), an automated investment program through which clients are invested in a range of investment strategies CP has constructed and manages, each consisting of a portfolio of exchange-traded funds ("ETFs"), mutual funds and a cash allocation. The client may instruct CP to exclude up to three funds from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co."). CP uses the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. CP is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (CS&Co., Charles Schwab Bank and their affiliates are collectively referred to as "Schwab").

CP, and not Schwab, is the client's investment adviser and primary point of contact with respect to the Program. As between CP and Schwab, CP is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. CP has contracted with SPT to provide CP with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables CP to make the Program available to clients online and includes a system that automates certain key parts of its investment process (the "System"). The System includes an online questionnaire that helps CP determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that CP will recommend a portfolio through the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but CP then makes the final decision and selects a portfolio based on all the information it has about the client. The System also includes an automated investment engine through which CP manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

CP charges clients a fee for its services as described below under Item 5. CP's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program, which are described in the "Compensation to Schwab Under the Program" section below. CP does not pay SPT fees for the Platform.

Clients enrolled in the Program are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs, mutual funds and cash whereas



CP recommends various other types of securities in its other services. The Program is designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Clients will have access to their accounts and a financial interface online but will also have the opportunity to confer with CP with respect to their account.

**Rebalancing**

The System will rebalance a client's account periodically by generating instructions to CS&Co. to buy and sell shares of funds and depositing or withdrawing funds through the "Sweep Program", considering the asset allocation for the client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an asset class varies by a set parameter established by CP, (ii) CP decides to change asset allocation percentages for an investment strategy or (iii) CP decides to change a client's investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account.

**Compensation to Schwab Under the Program**

Clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that CP selects to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

**B.7 Affiliated Private Funds**

In August 2021, the Firm launched two private investment funds, Diversified Equity Fund LLC ("DEF") and Diversified Income Fund LLC ("DIF") (collectively, the "Fund[s]"), the underlying investments of which are comprised primarily of liquid mutual funds and ETFs. Custody of the Funds is maintained at Schwab. The Funds maintain a daily and monthly Net Asset Value. The purpose of the Funds is to serve employees of public CPA firms who were previously restricted from investing in such funds because the CPA firm serves as the fund auditor. CP is compensated at the Fund level only. No performance or incentive related compensation is payable to the Firm or any of its affiliates. Each Fund client receives a monthly statement from an independent fund administrator and a certified annual financial statement prepared by a PCAOB auditor. The terms and conditions for participation in the Funds are set forth in the Fund's offering documents which will be presented to each prospective Fund investor.

As noted above, CP is the investment adviser to DIF (or the "Income Fund") and DEF (or the "Equity Fund") which are unregistered investment companies organized as limited liability corporations.

CP is affiliated with each of these funds and CP's Principal, James Hagedorn, serves as the General Partner to each fund. The complete description of each fund (including the terms, conditions, risks, conflicts and fees) is set forth in the respective fund's offering documents.

The DEF Fund's investment objective is maximum capital growth during periods of favorable market conditions. During periods of uncertain market conditions, the Fund seeks to preserve capital. The Equity Fund will attempt to realize its investment objective primarily through investments in equity securities of U.S. companies, mutual funds and exchange-traded funds. The Equity Fund may also invest in foreign equity securities, U.S. and foreign debt securities and other investment instruments. The Equity Fund may also invest in other private investment funds.

The DIF Fund's investment objective is maximum capital growth and income during periods of favorable market conditions. During periods of uncertain market conditions, the Income Fund seeks to preserve capital. The Income Fund will attempt to realize its investment objective primarily through investments in fixed income securities issued by U.S. companies. The Income Fund may also invest in U.S. equity securities, foreign debt securities and other investment instruments.

CP, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to either Fund. The terms and conditions for participation in the affiliated funds, including management and incentive fees, conflicts of interest, and risk factors, are set forth in each Fund's offering documents. CP's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

In providing advisory services to the private funds, CP directs and manages the investment and reinvestment of the private fund's assets and provides reports to investors (through the private funds' administrator). CP manages the assets of each private fund in accordance with the terms of its governing documents.

Each prospective client that elects to invest in the private funds will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified to invest in the private fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

CP clients who are invested in DEF or DIF are charged a 0.65% annualized expense ratio. CP adjusts the overall advisory fee by reducing the fee charged to assets under management in relation to the fee associated with fund management. This fee reduction serves to maintain the client's blended fee at a level equivalent to their standard fee schedule.

The recommendation that a client become an investor in an affiliated private fund could present a conflict of interest. No client is under any obligation to become an investor in any CP-sponsored fund. **CP's Chief Compliance Officer, James Hagedorn, remains available to address any questions regarding this potential conflict of interest.**

**Sub-Adviser to Private Fund:** CP serves as a sub-adviser to CP Special Assets Fund LP. The primary Manager and general partner to CP Special Assets Fund LP is First Trust Capital Management L.P. The objective of this fund is to deliver private investments to clients of CP who

are qualified purchasers at lower minimums than the minimum investment levels associated with the private funds within the underlying portfolio. Clients who invest in the fund have the ability to select which private funds to hold in their portfolio through the primary fund's series LLC structure. The CP Special Assets Fund's investment program seeks to achieve capital appreciation by investing in various hedge funds, private equity funds, growth equity funds, venture capital funds, credit funds, oil and gas funds, real estate funds, co-investment vehicles, managed accounts or other types of investment vehicles (collectively, the "Underlying Funds"), each of which is typically managed by a third party investment advisor (including CP, as the Sub-Advisor, if authorized by the Manager) or by the Manager or an affiliate of the Manager. CP, as sub-adviser, provides discretionary asset management to certain classes of the CP Special Assets Fund LP and CP may allocate client assets on a non-discretionary basis to sub-classes of the CP Special Assets Fund LP.

No performance or incentive related compensation is payable to CP or any of its affiliates. Clients who invest in CP Special Assets Fund LP receive a monthly statement from an independent fund administrator and a certified annual financial statement prepared by a PCAOB auditor. The terms and conditions for participation in the CP Special Assets Fund LP are set forth in CP Special Assets Fund LP's offering documents, which will be presented to each prospective fund investor.

CP, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to CP Special Assets Fund LP. CP's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s). Each prospective client that elects to invest in this private fund will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified to invest in the private fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Conflict Of Interest.** Because CP can earn compensation from the Fund (i.e., sub-management fees, incentive compensation, etc.) that could generally exceed the fee that CP would earn under its standard asset-based fee schedule referenced in Item 5 below, the recommendation that a client become a Fund investor presents a conflict of interest. No client is under any obligation to become a Fund investor. Given the conflict of interest, CP advises that clients consider seeking advice from independent professionals (i.e., attorney, accountant, adviser, etc.) of their choosing prior to becoming a Fund investor.

## **B.8. Miscellaneous**

**Limitations of Financial Planning and Consulting/Implementation Services.** As indicated above, to the extent requested by the client, CP may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. CP will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, special projects, stand-alone planning engagements, etc. for which Firm may charge a separate or additional fee). **Please Note.** CP believes that it is important for the client

to address financial planning issues on an ongoing basis. CP's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with CP. CP does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Neither CP nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. Accordingly, CP does not prepare estate planning documents or tax returns. In addition, CP does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with CP, if desired. To the extent requested by a client, CP may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of CP in their separate individual capacities as licensed insurance agents or attorneys. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from CP and/or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not CP, shall be responsible for the quality and competency of the services provided. **Conflict of Interest:** The recommendation by a CP representative that a client engage the services of a CP representative in his/her separate and individual capacity as an insurance agent or attorney, presents a conflict of interest, as the receipt of compensation for such services may provide an incentive to recommend such services based on compensation to be received, rather than on a particular client's need. No client is under any obligation to utilize the services of such affiliated professionals. Clients are reminded that they may implement CP's recommendations through other, non-affiliated professionals. CP's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

**Please Note: Fee Differentials.** As indicated below at Item 5, if a client determines to engage CP to provide discretionary or non-discretionary investment advisory services on a fee-only basis, CP's annual investment advisory fee, generally ranges between 0.35% and 1.25%, based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, and client negotiations. (See also Fee Differential discussion above). As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by CP to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Before engaging CP to provide investment advisory services, clients are required to enter into a discretionary or non-discretionary Investment Advisory Agreement, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided. **ANY QUESTIONS:** CP's Chief Compliance Officer, James Hagedorn, remains available to address any questions regarding Fee Differentials.

**Schwab Advisor Network®.** CP receives client referrals from Charles Schwab & Co., Inc. through its participation in the Schwab Advisor Network®. CP's participation may raise potential conflicts of interest described below. **See** disclosure at Items 12 and 14 below.

**Retirement Rollovers-Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If CP recommends that a client roll over their retirement plan assets into an account to be managed by CP, such a recommendation creates a conflict of interest if CP will earn new (or increase its current) compensation as a result of the rollover. If CP provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), CP is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by CP, whether it is from an employer's plan or an existing IRA.

**Trustee Services.** CP, through its supervised persons, offers trust services, where a member of CP shall serve as trustee to its clients. CP also serves as the investment manager to the trust assets where such trust assets have been referred to CP, or one of its supervised persons, for trust administration services. Thus, CP remains responsible for asset management decisions regarding trust assets. There is no additional fee charged to the investment management client for this service. CP supervised persons serving as trustee for the client shall act in accordance with the terms and conditions of the applicable trust documentation.

**Unaffiliated Private Investment Funds.** In limited situations, CP may provide investment advice regarding unaffiliated private investment funds. CP's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of CP calculating its investment advisory fee. CP's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that

he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Valuation.** In the event that CP references private investment funds owned by the client on any supplemental account reports prepared by CP, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

**Independent Managers.** CP may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. CP will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The CP generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, CP's ongoing investment advisory fee, which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s).

**Margin Accounts: Risks/Conflict of Interest.** CP does not recommend the use of margin for investment purposes. A *margin account* is a brokerage *account* that allows investors to borrow money to buy securities. By using borrowed funds, the customer is employing leverage that will magnify both account gains and losses. The broker charges the investor interest for the right to borrow money and uses the securities as collateral. Should a client determine to use margin, CP will include the entire market value of the margined assets when computing its advisory fee. Accordingly, CP's fee shall be based upon a higher margined account value, resulting in CP earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since CP may have an economic disincentive to recommend that the client terminate the use of margin. **ANY QUESTIONS: Our Chief Compliance Officer, James Hagedorn, remains available to address any questions that a client or prospective client may have regarding the use of margin.**

**Use of Mutual Funds and Exchange Traded Funds:** While CP may allocate investment assets to mutual funds and exchange traded funds ("ETFs") that are not available directly to the public, CP may also allocate investment assets to publicly-available mutual funds and ETFs that the client could purchase without engaging CP as an investment adviser. However, if a client or prospective client determines to purchase publicly-available mutual funds without engaging CP as an investment adviser, the client or prospective client would not receive the benefit of CP's initial and



ongoing investment advisory services with respect to management of that asset. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. CP may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of CP's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

**Cybersecurity Risk.** The information technology systems and networks that CP and its third-party service providers use to provide services to CP's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in CP's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and CP are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although CP has established its processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that CP does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Structured Notes.** CP may purchase Structured Notes for client accounts. A Structured Note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. Structured Notes will generally be subject to liquidity constraints, such that the sale thereof before maturity will be limited, and any sale before the maturity date could result in a substantial loss. There can be no assurance that the Structured Notes investment will be profitable, equal any historical performance level(s), or prove successful. Please Note: If the issuer of the Structured Note defaults, the entire value of the investment could be lost. See additional Risk Disclosure at Item 8 below. In the event that a client has any questions regarding the purchase of Structured Notes for their account, or would like to place restrictions on the purchase of Structured Notes for their accounts, CP can address their concerns.

**Interval Funds/Risks and Limitations:** Where appropriate, CP may utilize interval funds. An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their

shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares, and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Thus, there is no secondary market for the fund's shares. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be **no assurance** that an interval fund investment will prove profitable or successful. **In light of these enhanced risks, a client may direct CP, in writing, not to employ any or all such strategies for the client's account.**

**Portfolio Activity.** CP has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, CP will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when CP determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by CP will be profitable or equal any specific performance level(s). Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Cash Sweep Accounts.** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, CP shall generally purchase a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless CP reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

**Cash Positions.** CP continues to treat cash as an asset class. As such, unless determined to the contrary by CP, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating CP's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no**



**guarantee** that such anticipated market conditions/events will occur), CP may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, CP's advisory fee could exceed the interest paid by the client's money market fund.

**Custodian Charges-Additional Fees.** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, CP generally recommends that Schwab or Fidelity serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab and Fidelity charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including Schwab and Fidelity, do not currently charge fees on individual equity transactions, others do). Please Note: there can be no assurance that Schwab and/or Fidelity will not change their transaction fee pricing in the future. Please Also Note: Fidelity and Schwab may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. These fees/charges are in addition to CP's investment advisory fee at Item 5 below. CP does not receive any portion of these fees/charges. **ANY QUESTIONS: CP's Chief Compliance Officer, James Hagedorn, remains available to address any questions that a client or prospective client may have regarding the above.**

**Non-Discretionary Service Limitations.** Clients that determine to engage CP on a non-discretionary investment advisory basis must be willing to accept that CP cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Therefore, in the event that CP would like to make a transaction(s) for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, CP will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Account Aggregation Services.** In conjunction with the services provided by ByAllAccounts, Inc., eMoney Advisor ("eMoney") and or Orion Advisor Services ("Orion"), CP may provide its clients with access to an online platforms hosted by third-party vendors. These platforms allow a client to view their complete asset allocation, including those assets that CP does not manage (the "Excluded Assets"). CP does not provide investment management, monitoring, or implementation services for the Excluded Assets. Additionally, the eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by CP. The client and/or their other advisors that maintain trading authority, and not CP, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, CP shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that CP provides investment management services

with respect to the Excluded Assets, the client may engage CP to do so pursuant to the terms and conditions of the Investment Advisory Agreement between CP and the client.

**Socially Responsible Investing Limitations.** ***Socially Responsible Investing*** involves the incorporation of **Environmental, Social** and **Governance** considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by CP), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.

**Client Obligations.** In performing our services, CP shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify us if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising our previous recommendations and/or services.

**Disclosure Statement.** A copy of CP's written Brochure as set forth on Part 2A of Form ADV, along with our Form CRS (Relationship Summary), shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

### **C. CP's Investment Philosophy**

The firm shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, CP shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the firm's services.

### **D. Wrap Fee Programs**

CP does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

As of December 31, 2023, CP managed approximately \$4,592,823,456 assets under management. \$4,183,068,680 of that total is managed on a discretionary basis and \$409,754,776 is managed on a non-discretionary basis.

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**Item 5. Fees and Compensation****A. Methods of Compensation and Fee Schedule****A.1. Asset-Based Fee Schedule**

CP provides discretionary and/or non-discretionary investment advisory services on a fee basis. CP's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under CP's management, generally between 0.3% and 1.25%. CP's annual investment advisory fee shall be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under CP's direct management, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. Before engaging CP to provide investment advisory services, clients are required to enter into a discretionary or non-discretionary Investment Advisory Agreement, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided.

CP, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). As a result, CP's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by CP to any particular client could be available from other advisers at lower fees.

Asset-based fees are always subject to the investment advisory agreement between the client and CP. Fees are paid quarterly in advance or arrears. Fees may be negotiable for accounts with unusual investment management requirements, services offered, and size. The majority of our clients have their fees deducted from their portfolio, although we have a few clients that pay by check. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month.

Either party can terminate the agreement at any time upon written notice. Upon termination of any account, any unearned, prepaid fees will be refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Minimum Fee. : Minimum Fee. CP generally (subject to exceptions) imposes a \$5,000 annual minimum fee for investment management services.

Minimum Account Size. For new clients, the minimum account size is \$1 million. CP, in its sole discretion, will waive the account size minimum if circumstances warrant it.

## A.2. Consulting Fees

Consulting services clients will be charged a mutually agreed upon fixed fee. Invoices will be mailed out on a periodic basis reflecting completed work performed. Clients seeking to terminate this service must do so in writing.

## A.3. Retirement Plan Consulting Services

Fees are negotiated on a case-by-case basis with the client.

## A.4. 401(k) Savings & Retirement Plan Service

Fees are negotiable on a case-by-case basis with the client.

## A.5. Investment Companies Fees

Fees paid to CP are exclusive of all custodial and transaction costs paid to account custodians or brokers. The client should review all fees charged by mutual funds, CP and others to fully understand the total amount of fees to be paid by the client.

## A.6. Investment Advisory Fees

If the client determines to engage CP to provide investment advisory services, CP's annual investment advisory fee shall vary (generally, up to 1.25%) based upon various factors, including the total amount of assets placed under management/advisement. CP, in its discretion, may waive this fee based upon certain criteria).

**Please Note: Fee Differentials.** Because we shall generally price our advisory services based upon various objective and subjective factors, our clients could pay diverse fees or have fees waived, based upon a combination of factors, including but not limited to anticipated future earning capacity, anticipated future additional assets, the dollar amount of assets to be managed, related accounts, account composition, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, the market value of their assets, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, and client negotiations, etc. similarly situated clients could pay diverse fees, and the services to be provided by CP to any particular client could be available from other advisers at lower fees (***Also See*** Item 7 below). All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** CP's Chief Compliance Officer, James Hagedorn, remains available to address any questions regarding Fee Differentials.

CP, in its discretion, may waive the above based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.).

**CP Optimized Intelligent Portfolios Platform**

CP is compensated for its advisory services by charging an annual fee of 0.60% on the net market value of a Client's Account valued at \$1,000,000 or greater. For Platform accounts valued at less than \$1,000,000, CP's annual fee shall be 0.65%. This fee is payable quarterly in advance based upon the market value of the managed assets at the end of the previous quarter.

CP reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain Client Accounts for any period of time determined solely by CP. In addition, CP may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other clients. The issuer of some of the securities or products CP purchase for Program clients, such as ETFs, may charge separate product fees.

As described in *Item 4 Advisory Business*, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, SSB, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution.

Brokerage arrangements are further described below in *Item 12 Brokerage Practices*.

**CP Private Fund Fees**

CP, as manager to the DIF and DEF Funds, receives a monthly management fee (billed in arrears) of 0.05416% (0.65% annually), which fee is based on the ending net asset value of each Member's Capital Account. Please refer to each Fund's Private Placement Memorandum for additional information on Fund fees and costs. As noted above at Item 4, CP clients who are invested in DEF or DIF are charged a 0.65% annualized expense ratio. CP adjusts the overall advisory fee by reducing the fee charged to assets under management in relation to the fee associated with fund management. This fee reduction serves maintain the client's blended fee at a level equivalent to their standard fee schedule.

**B. Asset-Based Fee Service**

CP will not take custody or possession of client funds or securities at any time except to the extent that CP may deduct fees directly from the client's account. CP will deduct fees directly from the client's account provided that (i) the client provides written authorization, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

CP, in its discretion, may determine to submit a quarterly invoice to clients for services rendered. In the event of termination, any earned, unpaid fees will be immediately due and payable.

The account custodian does not verify the accuracy of CP's advisory fee calculation.

### **C. Additional Client Fees Charged**

The fees charged by CP do not include fees charged by any mutual fund or separate account manager selected by the client. Similarly, the fees charged by CP do not include any fees charged by a broker-dealer or custodian retained by a client to implement CP's advice or to otherwise hold the client's portfolio securities. The management fees for investment managers are generally disclosed in each investment manager's disclosure brochure and brochure supplement or, in the case of a mutual fund, the fund's prospectus. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian. See Item 12 of this Brochure for a more detailed discussion on brokerage arrangements.

**Tradeaway/Prime Broker Fees.** When in the reasonable determination of CP that it would be beneficial for the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (i.e., Schwab and/or Fidelity).

### **D. Prepayment of Client Fees**

CP generally requires the prepayment of its asset-based investment advisory fees on a quarterly basis. If the client terminates during the quarter, CP will promptly refund any prepaid, unearned fees. CP's fees will either be paid directly by the client or disbursed to CP by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The qualified custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

In certain instances, subject to approval by CP, clients may elect to be billed for services rendered. In such cases the fees will be billed quarterly. In the event of termination any unearned, prepaid fees will be immediately due and payable and any earned, unpaid fees will be immediately due and payable.

CP or the client may terminate the agreement for services within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon written notice to the other, may terminate the agreement. In the event of termination, CP's fees will be

prorated for the quarter in which the cancellation notice was given, and any prepaid, unearned fees will be refunded to the client.

**E. External Compensation for the Sale of Securities to Clients**

CP advisory professionals are compensated solely through a salary and bonus structure. CP is not paid any sales, service or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

**Item 6. Performance-Based Fees and Side-by-Side Management**

CP does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in the clients' best interests.



**Item 7. Types of Clients**

CP offers investment advisory services to high-net-worth individuals, trusts, not-for-profit plans, endowments, charitable organizations, corporations, other business entities, and registered investment companies. CP, in its discretion, may modify the above-referenced advisory fee schedule based upon certain criteria ( i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc. Investors evaluating CP's software-based investment advisory service should be aware that CP's relationship with Clients is likely to be different from the "traditional" investment advisory relationship in several aspects:

Each Client in the CP Optimized Intelligent Portfolio Program must acknowledge their ability and willingness to conduct their relationship with CP on an electronic basis. Under the terms of the Advisory Client Agreement and the Brokerage Agreement, each Client agrees to receive all Account information and Account documents (including this Brochure) and any updates or changes to same, through their access to the Platform site and CP's electronic communications. Unless noted otherwise on the Site or within this Brochure, CP's investment advisory service, brokerage and custodial documentation, the signature for the Advisory Client Agreement and the Brokerage Agreement, and all documentation related to the advisory services is managed electronically

Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open or convert an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

CP also makes individual representatives available to discuss servicing matters with Clients.

**ANY QUESTIONS: Our Chief Compliance Officer, James Hagedorn, remains available to address any questions that a client or prospective client may have regarding this information.**

**Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss****A. Methods of Analysis and Investment Strategies**

**Investing in securities, especially common stocks, involves significant risk of loss and Clients should be prepared to bear this loss.**

CP advocates a long-term investment approach is the best strategy for its clients. Long term is defined by holding securities for at least one year. There will be some conditions when CP will advise its clients to hold securities for less than one year. CP believes the strategy of being globally diversified is critical to achieving long-term success in the capital markets. There is no guarantee this strategy will work in the future.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CP) will be profitable or equal any specific performance level(s).

CP primarily uses fundamental analysis when evaluating investments. The main sources of information are research materials prepared by others and research prepared by CP. CP uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

CP and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

CP may employ independent third parties to work in conjunction with its executive management team to provide input and guidance for the investment direction communicated by the firm. Such third-party providers will function as a de facto investment committee. In addition, CP may utilize third-party software to assist in formulating investment recommendations to clients.

## **A.2. Mutual Funds and Exchange-Traded Funds (“ETFs”), Individual and Fixed-Income Securities, Separate Account Managers**

CP may recommend no-load and load-waived mutual funds and individual securities (including fixed income instruments). Such management styles will include, among others, large-cap, mid-cap, and small-cap value, growth, and core; international and emerging markets; and alternative investments. CP may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client’s portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that will be taken into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), and managers is set forth below.

CP has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds and managers
- perform billing and certain other administrative tasks

CP may utilize additional independent third parties to assist in recommending and monitoring individual securities, mutual funds, and managers to clients as appropriate under the circumstances.

CP reviews certain quantitative and qualitative criteria related to mutual funds and managers to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager’s contribution to the investment return (e.g., manager’s alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor, or manager’s fee structure
- the relevant portfolio manager’s tenure

Qualitative criteria used in recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager’s consistency of investment style; and employee turnover and efficiency and capacity. CP will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to a client’s determination to retain a mutual fund or manager.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by CP on a quarterly basis or such other interval as mutually agreed upon by the client and CP. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager identified by CP (both of which are negative factors in implementing an asset allocation structure). Based on its review, CP will make recommendations to clients regarding the retention or discharge of a mutual fund or manager.

CP may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. CP will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment.

CP will regularly review the activities of mutual funds and managers selected by the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest.

Direct Indexing allows investors to own individual securities that often are part of an index instead of owning shares in a commingled fund. The individual securities are held directly in the investor's portfolio. The Firm maintains relationships with a number of direct indexing providers that offer these capabilities.

### **A.3. Material Risks of Investment Instruments**

CP will frequently purchase shares of open-end mutual funds and ETFs. Many of these investments can be purchased directly by clients without utilizing the services of an advisor. Registered investment companies charge their own management fees and expenses. These fees and expenses are detailed in each respective mutual fund's prospectus and are in addition to any fees charged by CP.

In addition to purchasing shares of mutual funds and ETFs, CP may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities

### **A.3.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

### **A.3.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds can be tax inefficient in certain circumstances, which may result in clients paying capital gains taxes on fund investments while not having yet sold the fund.

### **A.3.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.3.d. Fixed Income Securities, Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank, and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.3.e. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### **B. Investment Strategy and Method of Analysis Material Risks**

#### **B.1. Margin Leverage**

Although CP, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in limited circumstances, CP will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the

price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.2. Short-Term Trading**

Although CP, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

## **B.3. CP Models**

CP may, allocate investment management assets of its client accounts, on a discretionary basis, among one or more asset allocation programs as designated on the Investment Advisory Agreement. CP Models have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as CP's models, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to CP's management of client assets through the Program:

1. Initial Interview – at the opening of the account, CP, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;



3. Quarterly Notice – at least quarterly CP shall notify the client to advise CP whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
  4. Annual Contact – at least annually, CP shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
  5. Consultation Available – CP shall be reasonably available to consult with the client relative to the status of the account;
  6. Reporting – the client shall have access to reporting at any time through the Program;
  7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct CP not to purchase certain mutual funds;
  8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
  9. Separate Account - a separate account is maintained for the client with the Custodian;
  10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).
- Risks specific to the Digital Wealth Platform

ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. ETFs may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Some ETFs available are less than 10 years old. Accordingly, there is limited data available to use when assessing the investment risk of some of these ETFs. As a result, one or more of the following may occur: (i) poor liquidity in or limited availability of the ETFs, or (ii) lack of market depth causing the ETFs to trade at excessive premiums or discounts.



#### **B.4 Options Strategies.**

CP, or a third party providing service to CP, may engage in options transactions for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of "hedging" a potential market risk in a client's portfolio and/or generating income for a client's portfolio. **Please Note:** Certain options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct CP, in writing, not to employ any or all such strategies for his/her/their/its accounts. **Please Also Note:** There can be no guarantee that an options strategy will achieve its objective or prove successful. No client is under any obligation to enter into any option transactions. However, if the client does so, he/she must be prepared to accept the potential for unintended or undesired consequences (i.e., losing ownership of the security, incurring capital gains taxes).

#### **Covered Call Writing.**

Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

#### **Long Put Option Purchases.**

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option can increase in value depending upon the strike price and expiration. Long puts are often used to hedge a long stock position to protect against downside risk. The security/portfolio could still experience losses depending on the quantity of the puts bought, strike price and expiration. In the event that the security is put to the option holder, it will result in the client (option seller) to lose ownership in the security and to incur potential unintended tax consequences. Options are wasting assets and expire (usually within months of issuance).

#### **Structured Notes**

A Structured Note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the

issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities).

Structured notes do not pay interest, dividend payments, provide voting rights or guarantee any return of principal at maturity unless specifically provided through products that are designed with this purpose in mind. Most Structured Note payments are based on the performance of an underlying index or commodity (i.e., S&P 500, etc.) and if the underlying index were to decline 100%, then the payment may result in a loss of a portion or all of a client's principal. Notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by CP on behalf of clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they become due.

Structured Notes will generally be subject to liquidity constraints, such that the sale thereof before maturity can be limited. Structured Notes will not be listed on any securities exchange. There may be no secondary market for such Structured Notes. The price, if any, at which an issuer will be willing to purchase Structured Notes from clients in a secondary market transaction, if at all, will likely be lower than the original issue price and any sale before the maturity date could result in a substantial loss. Structured Notes are not designed to be short-term trading instruments, so clients should be willing to hold any notes to maturity.

The issuer can generally choose to redeem Structured Notes before maturity. In addition, the maximum potential payment on Structured Notes will typically be limited to the redemption amount applicable for a payment date, regardless of the appreciation in the underlying index associated with the note. Since the level of the underlying index at various times during the term of the Structured Notes held by clients could be higher than on the valuation dates and at maturity, clients may receive a lower payment if redeemed early or at maturity than if a client would have invested directly in the underlying index.

Structured Notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by CP on behalf of clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they become due.

Please Note: Past performance is no guarantee of future results. Different types of investments involve varying degrees of risk. Therefore, there can be no assurance that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by will be profitable, equal any historical performance level(s), or prove successful. Please Also Note: If the issuer of the Structured Note defaults, the entire value of the investment could be lost

**Item 9. Disciplinary Information**

**A. Criminal or Civil Actions**

There is nothing to report on this item.

**B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

**C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

## Item 10. Other Financial Industry Activities and Affiliations

### A. Broker-Dealer or Representative Registration

Neither CP nor its investment advisor representatives are either registered as broker-dealers or registered representatives of broker-dealers and do not have an application to register pending.

### B. Futures or Commodity Registration

Neither CP nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and do not have an application to register pending.

### C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

**Licensed Attorney.** Matthew Grennell is licensed to practice law and is the managing partner at The Law Office of Matthew R. Grennell, which is located at 14277 South Wolf Road, Orland Park, Illinois 60467. To the extent that Mr. Grennell provides legal services to any clients, including clients of CP, all such services shall be performed by The Law Office of Matthew R. Grennell, in its individual professional capacity, independent of CP, for which services CP shall not receive any portion of the fees charged by The Law Office of Matthew R. Grennell, referral or otherwise. It is expected that Mr. Grennell, solely incidental to his practice as attorney, shall recommend CP's services to certain of its clients. The Law Office of Matthew R. Grennell is not involved in providing investment advice on behalf of CP, nor does The Law Office of Matthew R. Grennell hold itself out as providing advisory services on behalf of CP. No client of CP is under any obligation to use the services of The Law Office of Matthew R. Grennell.

**Licensed Insurance Agents.** Certain associated persons of CP, in their individual capacities, are licensed insurance agents of CP Insurance Group, LLC, an insurance agency owned by Michael O'Connor, an investment adviser representative of CP. N&A Guido Group, LLC is owned by Nicholas Guido, an investment adviser representative. Such associated persons may recommend the purchase of insurance-related products on a commission basis. Clients can engage certain of CP's representatives to effect insurance transactions on a commission basis.

**Conflict of Interest:** Although CP does not receive compensation, the recommendation that a client purchase an insurance commission product from CP Insurance Group, LLC or N&A Guido Group, LLC presents a material conflict of interest, as the receipt of commissions or other compensation by associated persons of CP and/or by the CP-associated owner of the agency may provide an incentive to recommend insurance products based on compensation received. No client is under any obligation to purchase any commission products from CP Insurance Group, LLC or N&A Guido Group, LLC. Clients are reminded that they may purchase insurance products recommended by CP through insurance agents not associated with CP or agencies not owned by associated individuals. CP's Chief Compliance Officer remains available to address any questions that a client or prospective may have regarding the above conflicts of interest.

## Affiliated Private Funds

As noted above, the Firm launched two private investment funds, Diversified Equity Fund LLC and Diversified Income Fund LLC (the "Fund[s]"), the underlying investments of which are comprised primarily of liquid mutual funds and ETFs. Custody of the Funds is maintained at Schwab. The Funds will maintain a daily and monthly NAV. The purpose of the Funds is to serve employees of public CPA firms who were previously restricted from investing in such funds because the CPA firm serves as the fund auditor. CP is compensated at the Fund level only. No performance or incentive related compensation is payable to the Firm or any of its affiliates. Each Fund client will receive a monthly statement from an independent fund administrator and a certified annual financial statement prepared by a PCAOB auditor. The terms and conditions for participation in the Funds are set forth in the Fund's offering documents which will be presented to each prospective Fund investor.

CP is under common control with the General Manager and serves as investment advisor to the Funds, as noted at Item 4. CP receives a management fee allocation for its services. The Funds operate under what is known as the Section 3(c)(1) exemption which requires that all of the eligible investors be "accredited investors" as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. The terms and conditions for participation in the Funds, including management fees, conflicts of interest, and risk factors, are set forth in the Funds' offering and constituent documents. CP's clients are under no obligation to consider or make an investment in the Funds.

Please Note: Clients are charged an investment advisory fee on the fund. As the investment adviser to the Funds, CP shall receive an annual investment advisory fee up to .65% of the net asset value, subject to the fee adjustment noted at Items 4 and 5. This is CP's only Fund compensation. Accordingly, CP does charge individual clients a direct investment advisory fee on assets allocated to its Funds. The recommendation that a client become an investor in the Funds could present a potential conflict of interest. No client is under any obligation to become an investor in the any of the Funds sponsored by CP or any of its affiliates. **CP's Chief Compliance Officer remains available to address any questions regarding this potential conflict of interest.**

As noted above at Item 4, CP serves as a sub-adviser to CP Special Assets Fund LP. The primary Manager to CP Special Assets Fund LP is First Trust Capital Management L.P. The Objective of this fund to deliver private investments to clients of CP who are qualified purchasers, at lower minimums than the minimum investment levels associated with the private funds within the underlying portfolio. The terms and conditions for participation in the Private Funds, including management fees, conflicts of interest, and risk factors, are set forth in the Funds' offering and constituent documents. CP's clients are under no obligation to consider or make an investment in the fund.

**Compensation and double billing of clients.**

**D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

CP does not receive any remuneration from advisers, investment managers, or other service providers that it recommends to clients.

**Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading****A. Code of Ethics Description**

In accordance with the Advisers Act, CP has adopted policies and procedures designed to detect and prevent insider trading. In addition, CP has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of CP's advisory and access persons. The Code also imposes certain reporting obligations on person's subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of CP. CP will send clients a copy of its Code of Ethics upon written request.

CP has policies and procedures in place to ensure that the interests of its clients are held in preference over those of CP, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

**B. IRA Rollover Acknowledgement and Conflicts of Interest**

CP will always strive to act as a Fiduciary when serving our clients. With that in mind, CP acknowledges that there is a potential conflict of interest when advising clients to rollover assets under the management of Chicago Partners. CP will work with each client to identify the positives and negatives of any rollover as it pertains to costs and investment vehicle selection.

**C. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

CP does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, CP does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

**D. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

CP, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which CP specifically prohibits. CP has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow CP's procedures when purchasing or selling the same securities purchased or sold for the client.

As disclosed above, CP is the investment adviser in the two. CP, on both a discretionary and a non-discretionary basis, manages certain client accounts which are invested in the Funds. The terms and conditions for participation in the Funds, including management fees, conflicts of interest, and risk factors, are set forth in the funds' offering documents. As noted above, CP will not charge an investment management fee on Fund positions in client portfolios. CP's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s), or to maintain such an investment. As disclosed above, CP is the sub-adviser to a separate fund designed to make available various private fund investments with lower minimum investment structures. CP does charge its management fee on fund shares maintained in client accounts. **CP's Chief Compliance Officer, James Hagedorn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest that such arrangement creates.**

#### **E. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

CP, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other CP clients. CP will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee, or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of CP to place the client's interests above those of CP and its employees.



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**Item 12. Brokerage Practices****A. Factors Used to Select Broker-Dealers for Client Transactions**

In the event that the client requests that CP recommend a broker-dealer/custodian for execution and/or custodial services, CP generally recommends that investment CP accounts be maintained at Schwab and/or Fidelity. Prior to engaging CP to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with CP setting forth the terms and conditions under which CP shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that CP considers in recommending Schwab or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with CP, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions (**See** Item 4 above). To the extent that a transaction fee will be payable by the client to Schwab or Fidelity, the transaction fee shall be in addition to CP's investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, CP shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where CP determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although CP will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

**A.1. Research and Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, CP receives from Schwab and/or Fidelity (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist CP to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by CP may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by CP in furtherance of its investment advisory business operations-

As indicated above, certain of the support services and/or products that may be received may assist CP in managing and administering client accounts. Others do not directly provide such assistance, but rather assist CP to manage and further develop its business enterprise.

CP has entered into an agreement with Schwab wherein Schwab has agreed to reimburse CP clients in an aggregate amount not to exceed \$16,250 when such clients transfer their accounts to Schwab over a 12-month period. This reimbursement shall cover the cost associated with account transfer fees and account termination fees when transferring to Schwab. CP is expected to maintain an additional \$25 million in client assets with Schwab. This reimbursement shall be paid directly to the account holders incurring covered costs. While there is no direct economic benefit to CP, this arrangement nonetheless presents a conflict of interest.

There is no corresponding commitment made by CP to Schwab and/or Fidelity or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

#### CP Intelligent Investor Platform

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co., a broker- dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

**ANY QUESTIONS: CP's Chief Compliance Officer, Jim Hagedorn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement.**

#### **A.2. Brokerage for Client Referrals**

CP receives client referrals from Schwab through CP's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with CP. *Schwab* does not supervise CP and has no responsibility for CP's management of clients' portfolios or CP's other advice or services. CP pays Schwab fees to receive client referrals through the Service. CP's participation in the Service may raise potential conflicts of interest described below.

CP pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by CP is a percentage of the fees the client owes to CP or a percentage of the value of the assets in the client's account, subject to a minimum

Participation Fee. CP pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to CP quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by CP and not by the client. CP has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs CP charges clients with similar portfolios who were not referred through the Service.

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

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

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

### **A.3. Directed Brokerage**

CP recommends that its clients utilize the brokerage and custodial services provided by Schwab and/or Fidelity. CP generally does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and CP will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by CP. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs CP to effect securities transactions for the client's accounts through a specific broker-dealer, the

client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through CP. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

## **B. Order Aggregation**

Transactions for each client account generally will be effected independently, unless CP decides to purchase or sell the same securities for several clients at approximately the same time. CP may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among CP’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. CP shall not receive any additional compensation or remuneration as a result of such aggregation.

**Item 13. Review of Accounts****A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Individual accounts are reviewed frequently (at least quarterly) by the Senior Investment Advisor assigned to the account.

**B. Review of Client Accounts on Non-Periodic Basis**

CP's Senior Investment Advisors may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how CP formulates investment advice.

**C. Content of Client-Provided Reports and Frequency**

Clients receive quarterly portfolio appraisals that show performance by account and by security. Clients may, by specific request, receive reports more frequently. Accounts are reviewed by the Senior Investment Advisor assigned to the account.

The client's independent custodian also provides regular account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by CP.

**Item 14. Client Referrals and Other Compensation****A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As indicated at Item 12 above, CP receives from Schwab and/or Fidelity without cost (and/or at a discount), support services and/or products. There is no corresponding commitment made by CP to Schwab and/or Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. **CP's Chief Compliance Officer, Jim Hagedorn, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the conflict of interest such arrangement creates.**

**B. Advisory Firm Payments for Client Referrals**

In addition to CP's participation in the Schwab Advisor Network referred to in Item 12 above, CP engages promoters to introduce new prospective clients to CP consistent with the Investment Advisers Act of 1940, its corresponding Rules, and applicable state regulatory requirements. If the prospect subsequently engages CP, the promoter shall generally be compensated by CP for the introduction. Because the promoter has an economic incentive to introduce the prospect to CP, a conflict of interest is presented. The promoter's introduction shall not result in the prospect's payment of a higher investment advisory fee to CP (i.e., if the prospect was to engage CP independent of the promoter's introduction).

**Item 15. Custody**

CP shall have the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly. Please Note: To the extent that CP provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by CP with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of CP's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from CP to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

In addition, CP and/or certain of its members engage in other services and/or practices (, trustee service, etc.) requiring disclosure at Item 9 of Part 1 of Form ADV. These services and practices result in CP having custody under Rule 206(4)-2 of the Advisers Act. Per the Rule, having such custody requires CP to undergo an annual surprise CPA examination, and make a corresponding Form ADV-E filing with the SEC, for as long as CP provides such services and/or engages in such practices.

CP has custody of fund cash and securities where its owner, James Hagedorn, serves as the General Manager to the above referenced affiliated funds.

To meet CP's obligations under custody rules, each fund is subject to an annual audit as previously described and the following for each fund. All private fund assets, other than interests in the Underlying Funds, are held in custody by unaffiliated broker/dealers or banks. Investors in the private funds do not receive statements from the custodian of the activity within the private funds. Instead, the third party administrator to the private funds distributes periodic performance and net asset value statements to each investor, and the private funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to the investors.



## **Item 16. Investment Discretion**

The client can determine to engage CP to provide investment advisory services on a discretionary basis. Prior to engaging CP to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with CP setting forth the terms and conditions under which CP shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Clients who engage CP on a discretionary basis may, at any time, impose restrictions, in writing, on CP's discretionary authority. (i.e., limit the types or /amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe CP's use of margin, etc.).

**Item 17. Voting Client Securities**

CP is responsible for voting client proxies, and shall do so in conjunction with the proxy voting administrative and due diligence services provided by Proxy Edge, an unaffiliated nationally recognized proxy voting service of Broadridge Financial Solutions, Inc. ("Broadridge"). CP, in conjunction with the services provided by Broadridge, shall monitor corporate actions of individual issuers and investment companies consistent with CP's fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, CP may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), CP may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. CP (in conjunction with the services provided by Broadridge) shall maintain records pertaining to proxy voting as required under the Advisers Act. Information pertaining to how CP voted on any specific proxy issue is also available upon written request.

When voting proxies, as a general rule, CP will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with CP's Proxy Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, CP may seek advice or assistance from third-party consultants, such as Broadridge or legal counsel. CP has contracted with Broadridge Investor Communications, Inc., for proxy voting services. CP also leverages the administrative services of Chicago Clearing Corp. to support with class actions.

For assets invested in its affiliated private investment funds or Index strategy, CP shall be responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, and tender offers. It is CP's general policy to vote proxies consistent with the recommendation of the senior management of the issuer. The Firm shall monitor corporate actions of individual issuers and investment companies consistent with the Firm's fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, the Firm may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), The Firm shall also maintain records pertaining to how it or any third party proxy voting service

Absent mitigating circumstances and/or conflicts of interest (to the extent any such circumstance or conflict is presented, if ever, information pertaining to how the Firm or its third party service provider/agent addressed any such circumstance or conflict shall be maintained by the Firm, including matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Firm may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Firm or its third party service provider/agent shall maintain required records pertaining to proxy voting.

## **Item 18. Financial Disclosures**

### **A. Balance Sheet**

CP does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

CP does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.

**ANY QUESTIONS: CP's Chief Compliance Officer, James Hagedorn, CFA, remains available to address any questions regarding this Part 2A.**