

**Item 1: Cover Page for Part 2A of Form ADV:**  
**Firm Brochure**  
**March 2024**



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This brochure provides information about the qualifications and business practices of North Pier Fiduciary Management, LLC. If you have any questions about the contents of this brochure, please contact by telephone at (800) 403-7065 or email at [brant.griffin@npier.com](mailto:brant.griffin@npier.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about North Pier Fiduciary Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of North Pier Fiduciary Management, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

## Item 2. Material Changes To Our Part 2A of Form ADV: Firm Brochure

**North Pier Fiduciary Management, LLC** is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

**Since our last Annual Amendment filed on 03/30/2023, our firm has no material changes to disclose.**

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## Item 4. Advisory Business

We specialize in the following types of services: Consultant, Outsourced Chief Investment Officer (OCIO), and other service provider evaluation, search, and oversight on behalf of endowments, foundations, pensions funds, and other institutional clients, as well as broad Institutional Investment and Retirement Plan consulting services, referrals to Third Party Money Managers, and general asset management.

We are dedicated to providing institutions, individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of California. Our firm has been in business as an investment adviser since 2008 and is collectively owned by Brant Griffin and James Scheinberg.

### **(i) Fiduciary Consulting Services:**

#### ***Search and Evaluation for Consultants, Outsourced Chief Investment Officers (OCIOs), Actuaries, Custodians, and Other Institutional Service Providers***

For even the most experienced fiduciaries, the selection of a consultant, discretionary investment manager (i.e., Outsourced Chief Investment Officers or “OCIOs”) retirement plan advisor or other institutional service provider can be a daunting task. Besides the enormous time commitment involved, those responsible for the search can be influenced by polished, yet superficial sales presentations and confusing, opaque fee structures. Organizations that utilize the services of an experienced consulting firm during their search process are far more likely to select an optimal vendor for their particular needs.

North Pier serves as our client’s advocate during the entire search process. Our knowledge of the industry’s most competitive relationships will ensure that clients are evaluating the most appropriate array of choices in the marketplace. In addition to saving time and resources, North Pier often can help unearth additional value that may not be apparently available. We are frequently successful in achieving greater flexibility and customization of proposed services, resulting in an optimal relationship for all parties involved.

Our OCIO, Consultant, Advisor and Vendor Search processes consists of:

- Development of a comprehensive sponsor profile and development of the selection criteria, concluding in the construction of a detailed request for proposal (“RFP”).
- Issuance of the RFP to potential solution providers and standardization of responses.
- Compilation of relevant data and presentation to the sponsor in order to determine finalists.
- Moderation of finalist presentations and selection conference.
- Transition advocacy.
- At the conclusion of the RFP, clients receive a comprehensive compilation to document their fiduciary process for the search.

North Pier is a pioneer in our ability to serve in a fiduciary capacity during provider searches.

### ***Fiduciary Investment Oversight and Reporting***

North Pier regularly oversees institutional investment portfolios, discretionary managers, consultants, and the investment menus of participant-directed retirement plans. We provide formal reports on qualitative criteria and quantitative performance attributes; and adherence to Investment Policy guidelines (annually, semi-annually, or quarterly depending on the scope of our engagement). When it is determined that an investment manager warrants replacement, we conduct searches for its successor. Under oversight relationships, implementation of our recommendations will be at the discretion of the client.

## **(ii) Institutional Investment and Retirement Plan Advisory and Management Services:**

### ***Fiduciary/Investment Advisory Services***

Our firm will lead our client through the maintenance/creation of a sound fiduciary process. This will include the review/formation of the investment committee and review/establishment of regular repeatable practices and procedures that will conform to regulatory directives while striving for best industry practices. We will also lead the committee through the review/drafting of the articulation of these processes and procedures (Investment Policy Statements and Committee Charters) and ensure the ongoing adherence to these policies. As changes and developments in the industry and regulatory environment materialize, we will alert and educate the Client in a way that is meaningful, understandable and actionable. The process, including policy documents, will be reviewed at least annual, and amended as prudent.

### ***Fiduciary Investment Consulting***

Utilizing our quantitative and qualitative process, our firm will help our retirement plan clients create an academically correct array of investment choices which provide for true diversification amongst lowly-correlated disciplines. We will provide a prudent assortment of investment choices that represent the core of the capital markets and are appropriate for the sophistication level of the participants of the plan.

### ***Fiduciary Investment Monitoring and Reporting***

North Pier regularly monitors the investment menus of participant-directed retirement plans. We provide formal reports on qualitative criteria and quantitative performance attributes; and adherence to Investment Policy guidelines (annually, semi-annually, or quarterly depending on the scope of our engagement). When it is determined that an investment option or manager warrants replacement, we conduct searches for its successor. Implementation of our recommendations will be at the discretion of the client.

### ***Discretionary Retirement Plan Investment Management***

North Pier is proud to be an industry pioneer in Discretionary Plan Investment Management. Under this arrangement, we serve as an ERISA §3(38) Investment Manager, overseeing a plan's investments, making changes directly when we deem prudent. This shifts a retirement plan committee's obligation from that of investment management and monitoring with the aid of advice from an independent consultant, to the oversight of North Pier.

### **(iii) Employee Education, Communication and Advice Services:**

Our firm can provide a broad suite of employee-related solutions. Whether we are engaged for committee level strategy consulting, general education and communication or impartial one-on-one consultations and advice to our client's employees, we will craft solutions that meet their needs while accomplishing our client's objectives. Fees vary based on number of employees, number and dispersion of locations, scope of services, etc.

#### ***Fee and Cost Appraisal***

To quickly and efficiently meet the needs of fiduciaries, North Pier has designed our Reasonableness of Fees Appraisal. This service begins with an assessment of the principal details of an investment program. We then craft a 'Request for Bid' document which is an abridged version of a RFP, only reflecting key criteria relevant to pricing. North Pier will then disseminate the 'Request for Bid' to providers with similar service models and organizational structures to ensure accurate comparisons.

This process allows us to efficiently assess your plan's costs relative to the services provided amongst comparable providers. Our clients for this service take comfort in knowing that they are receiving unbiased advice due to our offer to recuse ourselves from consideration for competing advisory services for a period of at least 3 years.

#### ***Fiduciary Process and Governance Consulting***

North Pier's team has been managing the fiduciary oversight process for plan sponsors and other fiduciaries since 2001. Since then, North Pier's Partners have led numerous institutional clients in the establishment of committees and the policies they utilize for plan oversight. Additionally, we have given pro bono advice to hundreds more through our counsel, writing and lecture.

North Pier guides our clients through the myriad of fiduciary responsibilities, providing them with the education and tools they need to ensure full regulatory compliance, as well as best industry practices. Areas of North Pier's coverage may include:

- Committee Formation or Process Review
- Investment Policy and Committee Governance
- Plan Document Formation/Amendment
- Current Vendor Analysis and Benchmarking
- Information Sharing Agreement Draft/Revision/Collaboration [for 403(b)s]
- Timeliness of Contribution Compliance
- 406(b) compliance (Prohibited Transaction rules)

We also provide Retirement Plan Consulting services to employer plan sponsors on a one-time basis. Generally, such Retirement Plan Consulting services consist of assisting employer plan sponsors in establishing, monitoring, and reviewing their company's retirement plans. As the needs of the plan sponsor dictate, areas of advising could include: investments, plan structure and participant education.

All consulting services shall be in compliance with the applicable Federal and state law(s) regulating Retirement Plan Consulting services. This applies to client accounts that are pension

or other employee benefit plans governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). We acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (with respect to the provision of services described in our service agreement).

### ***Investment Model / QDIA Services***

North Pier builds, manages and/or monitors investment models for ERISA plan sponsors. These models are composed of the underlying investments of the ERISA plan in varying proportions. Models may be static and maintain a consistent risk profile or provide varying risk attributes over time to provide retirement plan participants with a suitable investment vehicle to invest for multiple years. North Pier will regularly monitor these models and formally report on their adherence to Investment Policy guidelines. This service may also involve the construction, management or advice regarding Qualified Default Investment Alternatives (QDIAs) including selection and retention criteria.

### **(iv) Asset Management Services:**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. We may also utilize Independent Money Managers for no additional charge to the client. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, reallocate the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

### ***Referrals to Third Party Money Managers:***

We assist clients in identifying an appropriate third-party money manager. We provide initial due diligence on third party money managers and ongoing reviews of their management of client's accounts.

In order to assist clients in the selection of a third-party money manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third-party money managers to clients.

We periodically review third party money managers' reports provided to the client, but no less often than on an annual basis. We contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third-party money manager managing the account or sponsoring the program.

## **Tailoring of Advisory Services**

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We offer individualized investment advice to clients utilizing the following services offered by our firm: Asset Management, Referrals to Third Party Money Managers, Fiduciary Advisory Services, Employee Education and Communication and Advice, Retirement Plan Consulting.

Each Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

## **Participation in Wrap Fee Programs**

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We do not offer wrap fee programs.

## **Regulatory Assets Under Management**

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As of December 31<sup>st</sup>, 2023, our firm manages \$463,843,923 on a discretionary basis and \$567,185,975 on a non-discretionary basis, totaling \$1,031,029,898 in aggregate Assets Under Management.

## **Item 5. Fees and Compensation**

We are required to describe any brokerage, custody, fees, and fund expenses so you will know how much you are charged and by whom our advisory services are provided to you. Our fees are negotiable.

### **Compensation for Our Advisory Services**

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#### **(i) OCIO and Consultant Search & Evaluation Services**

<b>Number of Candidates</b>	<b>Advisory Fee Charged</b>
Narrow Invited Search (4-6 candidates)	\$40,000 - \$85,000
Wide Invited Search (8-12 candidates)	\$45,000 - \$90,000
Open Search (published and open to all respondents)	Minimum \$60,000

**\* Please note**, the fee ranges above are for typical projects. All fees are scope dependent depending on project complexity.

#### **(ii) Asset Management:**

<b>Assets Under Management</b>	<b>Flat Fee Charged</b>
First \$2,500,000	Up to \$25,000; plus the tiered schedule below

<b>Assets Under Management</b>	<b>Maximum Annual Percentage of Assets Charge</b>
Next \$7,500,000	0.50%
Next \$15,000,000	0.40%
Next \$25,000,000	0.30%
Next \$50,000,000	0.20%
\$100,000,000 and Above	0.15%



The fee schedule for Asset Management outlined above is a blended fee schedule. For example, if a client has \$30,000,000 in assets under management, the annualized advisory fee will be \$137,500, assuming the maximum tiered fee is charged as outlined above. The calculation will be as follows:

$(\$25,000) + (\$7,500,000 \times 0.50\%) + (\$15,000,000 \times 0.40\%) + (\$5,000,000 \times 0.30\%) = \$137,500$  annualized fee.

Our fees for Asset Management are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter and adjusted for unbilled cash flows that occurred during the prior quarter. Additionally, our firm bills on cash and cash equivalents unless indicated otherwise in writing. Fees will generally be automatically deducted from your managed account. In rare cases, we will agree to directly bill clients. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.

Our firm urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

### **(iii) Referrals to Third Party Money Managers:**

We are not paid by third party money managers when we refer you to them and you decide to open a managed account. We will debit our fees in accordance with our standard asset management fee schedule, and the third-party manager shall debit their fees in addition to ours. Third party money managers establish and maintain their own separate billing processes which we have no control over. In general, they will directly bill you in addition to the fees charged by NPFM and describe how this works in their separate written disclosure documents.

The fees charges by the third-party manager are set forth in separate written disclosures you need to be provided with; including a copy of the third party money manager's Form ADV Part 2, all relevant Brochures, and a copy of the third party money manager's privacy policy. The third-party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

**(iv) Participant Directed Retirement Plan Advisory Services:**

<b>Assets Under Management</b>	<b>Annual Advisory Fee Range</b>
First \$20,000,000	Up to \$35,000
Next \$30,000,000	\$17,000 - \$40,000
Next \$50,000,000	\$25,000 - \$75,000
\$100,000,000 and Above	\$25,000 minimum, maximum is negotiable

Our firm's participant directed retirement plan advisory fees are billed on a pro-rata annualized basis quarterly in arrears and are either charged on a negotiated flat fee or based on the value of the participant directed retirement plan's account on the last day of the previous quarter. North Pier receives no other compensation from any other source. The fees described above are billed directly to the client, and are subject to negotiation based on the complexity of the plan, the anticipated work involved, etc.

The fee schedule outlined above is a blended fee schedule. For example, if a client has \$50,000,000 in assets under management, the annualized advisory fee will be \$75,000, assuming the maximum tiered fee is charged as outlined above. The calculation will be as follows:

$(\$35,000) + (\$40,000) = \$75,000$  annualized fee.

**(v) Employee Education and Communication and Advice**

North Pier's employee education, communication and advice services are highly customized based on the scope of the individual engagement. Our typical base fee for committee level consulting ranges from \$5,000 - \$10,000 per year. In-person employee education and advice services ranges from \$2,000 - \$3,000 per business day and may include travel-related expenses.

The total fee is due when the Retirement Plan Consultation service being rendered to you. In some cases, a retainer may be required. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

**(vi) Retirement Plan Consulting:**

North Pier will send an invoice to the plan sponsor for consulting services performed. North Pier receives no other compensation from any other source.

As part of our Retirement Plan Consulting Services, we offer the following services:

Review of Committee processes & functions. Services include review of Plan documents, provider services agreements, review, and revision of governance documents.	\$2,500 - \$7,500
One-time, full plan analysis including review of Investment Committee processes and functions as well as in-depth study of plan investments	\$15,000 - \$100,000 + travel

Plan Fee Services; may include fee identification, fee benchmarking and vendor negotiation services.	\$2,500 - \$15,000
Vendor Search and Evaluation Services	\$12,000 - \$100,000

The total fee is due when the retirement plan consultation being rendered to you. In some cases, a retainer may be required. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Other Types of Fees & Expenses**

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Clients will incur individual transaction charges for trades executed in their accounts by their chosen custodian. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. It is important to note that Charles Schwab & Co., Inc. does not charge transaction fees for U.S. listed equities and exchange traded funds.

Also, clients will pay the following separately incurred expenses, which we do not receive any part of: third party money manager fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

### **Termination & Refunds**

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We charge our asset management fees quarterly in advance and our participant directed retirement plan advisory services fees quarterly in arrears. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. Clients need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

### **Commissionable Securities Sales**

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We do not sell securities for a commission in advisory accounts.

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

We do not charge performance fees to our clients.

## Item 7. Types of Clients and Account Requirements

We have the following types of clients:

- Pension and Profit Sharing Plans; and
- Non-profit Organizations (Endowments, Foundations, Hospital Systems, and other Charitable Organizations, and
- Family Offices, Trusts, Estates, and Accredited Individuals and families, and
- Select Individuals

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$1,000,000 for our Asset Management service. Generally, this minimum account balance requirement may be negotiable and would be required throughout the course of the client's relationship with our firm. Our firm may waive this requirement at our sole discretion.

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

### Methods of Analysis

**Charting:** In this type of technical analysis, our firm reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Cyclical Analysis:** Statistical analysis of specific events occurring at a sufficient number of relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets. Risks include that cycles may invert or disappear and there is no expectation that this type of analysis will pinpoint turning points, instead be used in conjunction with other methods of analysis.

**Fundamental Analysis:** The analysis of a business's financial statements (usually to analyze the business's assets, liabilities, and earnings), health, and its competitors and markets. When analyzing a stock, futures contract, or currency using fundamental analysis there are two basic approaches one can use: bottom-up analysis and top down analysis. The terms are used to distinguish such analysis from other types of investment analysis, such as quantitative and technical. Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives: (a) to conduct a company stock valuation and predict its probable price evolution; (b) to make a projection on its business performance; (c) to evaluate its management and make internal business decisions; (d) and/or to calculate its credit risk; and (e) to find out the intrinsic value of the share.

When the objective of the analysis is to determine what stock to buy and at what price, there are two basic methodologies investors rely upon: (a) Fundamental analysis maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by purchasing the mispriced security and then waiting for the market to recognize its "mistake" and reprice the security; and (b) Technical analysis maintains that all information is reflected already in the price of a security. Technical analysts analyze trends and believe that sentiment changes predate and predict trend changes. Investors' emotional responses to price

movements lead to recognizable price chart patterns. Technical analysts also analyze historical trends to predict future price movement. Investors can use one or both of these different but complementary methods for stock picking. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Modern Portfolio Theory (“MPT”):** A mathematical framework for assembling a portfolio of assets such that the expected return is maximized for a given level of risk, defined as variance. Its key insight is that an asset's risk and return should not be assessed by itself, but by how it contributes to a portfolio's overall risk and return. MPT assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists that has better expected returns.

The risk, return, and correlation measures used by MPT are based on expected values, which means that they are mathematical statements about the future (the expected value of returns is explicit in the above equations, and implicit in the definitions of variance and covariance). In practice, investors must substitute predictions based on historical measurements of asset return and volatility for these values in the equations. Very often such expected values fail to take account of new circumstances that did not exist when the historical data were generated. Mathematical risk measurements are also useful only to the degree that they reflect investors' true concerns—there is no point minimizing a variable that nobody cares about in practice. MPT uses the mathematical concept of variance to quantify risk, and this might be justified under the assumption of elliptically distributed returns such as normally distributed returns, but for general return distributions other risk measures (like coherent risk measures) might better reflect investors' true preferences.

**Quantitative Analysis:** The use of models, or algorithms, to evaluate assets for investment. The process usually consists of searching vast databases for patterns, such as correlations among liquid assets or price-movement patterns (trend following or mean reversion). The resulting strategies may involve high-frequency trading. The results of the analysis are taken into consideration in the decision to buy or sell securities and in the management of portfolio characteristics. A risk in using quantitative analysis is that the methods or models used may be based on assumptions that prove to be incorrect.

**Technical Analysis:** A security analysis methodology for forecasting the direction of prices through the study of past market data, primarily price and volume. A fundamental principle of technical analysis is that a market's price reflects all relevant information, so their analysis looks at the history of a security's trading pattern rather than external drivers such as economic, fundamental and news events. Therefore, price action tends to repeat itself due to investors collectively tending toward patterned behavior – hence technical analysis focuses on identifiable trends and conditions. Technical analysts also widely use market indicators of many sorts, some of which are mathematical transformations of price, often including up and down volume, advance/decline data and other inputs. These indicators are used to help assess whether an asset is trending, and if it is, the probability of its direction and of continuation. Technicians also look for relationships between price/volume indices and market indicators. Technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages,

regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns. Technical analysis is widely used among traders and financial professionals and is very often used by active day traders, market makers and pit traders. The risk associated with this type of analysis is that analysts use subjective judgment to decide which pattern(s) a particular instrument reflects at a given time and what the interpretation of that pattern should be.

## Investment Strategies We Use

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**Asset Allocation:** The implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced as long as correlations are not perfect, it is typically forecast (wholly or in part) based on statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way.

An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or may not be included in an asset allocation strategy. The "traditional" asset classes are stocks (value, dividend, growth, or sector-specific [or a "blend" of any two or more of the preceding]; large-cap versus mid-cap, small-cap or micro-cap; domestic, foreign [developed], emerging or frontier markets), bonds (fixed income securities more generally: investment-grade or junk [high-yield]; government or corporate; short-term, intermediate, long-term; domestic, foreign, emerging markets), and cash or cash equivalents. Allocation among these three provides a starting point. Usually included are hybrid instruments such as convertible bonds and preferred stocks, counting as a mixture of bonds and stocks. Other alternative assets that may be considered include: commodities: precious metals, nonferrous metals, agriculture, energy, others.; Commercial or residential real estate (also REITs); Collectibles such as art, coins, or stamps; insurance products (annuity, life settlements, catastrophe bonds, personal life insurance products, etc.); derivatives such as long-short or market neutral strategies, options, collateralized debt, and futures; foreign currency; venture capital; private equity; and/or distressed securities.

There are several types of asset allocation strategies based on investment goals, risk tolerance, time frames and diversification. The most common forms of asset allocation are: strategic, dynamic, tactical, and core-satellite.

- **Strategic Asset Allocation:** The primary goal of a strategic asset allocation is to create an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Generally speaking, strategic asset allocation strategies are agnostic to economic environments, i.e., they do not change their allocation postures relative to changing market or economic conditions.
- **Dynamic Asset Allocation:** Dynamic asset allocation is similar to strategic asset allocation in that portfolios are built by allocating to an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Like strategic allocation strategies, dynamic strategies largely retain exposure to their original asset classes; however, unlike strategic strategies, dynamic asset allocation portfolios will adjust their postures over time relative to changes in the economic environment.



- **Tactical Asset Allocation:** Tactical asset allocation is a strategy in which an investor takes a more active approach that tries to position a portfolio into those assets, sectors, or individual stocks that show the most potential for perceived gains. While an original asset mix is formulated much like strategic and dynamic portfolio, tactical strategies are often traded more actively and are free to move entirely in and out of their core asset classes.
- **Core-Satellite Asset Allocation:** Core-Satellite allocation strategies generally contain a 'core' strategic element making up the most significant portion of the portfolio, while applying a dynamic or tactical 'satellite' strategy that makes up a smaller part of the portfolio. In this way, core-satellite allocation strategies are a hybrid of the strategic and dynamic/tactical allocation strategies mentioned above.

**Covered Calls:** The risks associated with this type of strategy involve having the underlying stock called away. Each contract has a strike price at which the writer of the contract agrees to allow the purchaser call the stock away from the writer. This can create a taxable event whereby the writer of the option is required to recognize a capital gain on the underlying security. Furthermore, the market price could appreciate beyond the strike price, forcing the writer to sell their holdings below current market value.

**Long-Term Purchases:** Our firm may buy securities for your account and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that our firm could miss out on potential short-term gains that could have been profitable to your account, or it's possible that the security's value may decline sharply before our firm makes a decision to sell.

**Margin Transactions:** Our firm may purchase securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase securities without selling other holdings. Margin accounts and transactions are risky and not necessarily appropriate for every client. It should be noted that our firm may bill advisory fees on securities purchased on margin, depending on the specific client relationship, which may create a financial incentive for us to utilize margin in certain client accounts.

The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call; and (5) custodians charge interest on margin balances which will reduce your returns over time.

**Short-Term Purchases:** When utilizing this strategy, our firm may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). Our firm does this in an attempt to take advantage of conditions that our firm believes will soon result in a price swing in the securities our firm purchase. This approach will result in added trading costs, and tax liabilities as short-term capital gains are taxed at a higher rate than long-term gains.

**Trading:** Our firm purchase securities with the idea of selling them very quickly (typically within 30 days or less). Our firm do this in an attempt to take advantage of our predictions of brief price swings. Trading involves risk that may not be suitable for every investor and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading can be considerable. Active trading accounts should be considered speculative in

nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

## **Preferred Securities**

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**Cash & Cash Equivalents:** Cash and cash equivalents generally refer to either United States dollars or highly liquid short-term debt instruments such as, but not limited to, treasury bills, bank CD's and commercial papers. Generally, these assets are considered nonproductive and will be exposed to inflation risk and considerable opportunity cost risk. Investments in cash and cash equivalents will generally return less than the advisory fee charged by our firm. Our firm may recommend cash and cash equivalents as part of our clients' asset allocation when deemed appropriate and in their best interest. Our firm considers cash and cash equivalents to be an asset class. Therefore, our firm assess an advisory fee on cash and cash equivalents unless indicated otherwise in writing.

**Debt Securities (Bonds):** Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. Bonds with longer rates of maturity tend to have greater interest rate risks.

Certain additional risk factors relating to debt securities include: (a) When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.; (b) Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.; (c) Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. (d) Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.; (e) If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.; (f) There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

Our firm attempts to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that our firm will be successful in doing



so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

**Exchange Traded Funds (“ETFs”):** An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values (“NAV”) at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

**Equity Securities:** Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for particular equity securities, which may adversely affect our firm's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. Investing in smaller companies may pose additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

**Fixed Income:** Fixed income is a type of investing or budgeting style for which real return rates or periodic income is received at regular intervals and at reasonably predictable levels. Fixed-income investors are typically retired individuals who rely on their investments to provide a regular, stable income stream. This demographic tends to invest heavily in fixed-income investments because of the reliable returns they offer. Fixed-income investors who live on set amounts of periodically paid income face the risk of inflation eroding their spending power.

Some examples of fixed-income investments include treasuries, money market instruments, corporate bonds, asset-backed securities, municipal bonds, and international bonds. The primary risk associated with fixed-income investments is the borrower defaulting on his payment. Other considerations include exchange rate risk for international bonds and interest rate risk for longer-dated securities. The most common type of fixed-income security is a bond. Bonds are issued by federal governments, local municipalities, and major corporations. Fixed-income securities are recommended for investors seeking a diverse portfolio; however, the percentage of the portfolio dedicated to fixed income depends on your own personal investment style. There is also an opportunity to diversify the fixed-income component of a portfolio. Riskier fixed-income products, such as junk bonds and longer-dated products, should comprise a lower percentage of your overall portfolio.

The interest payment on fixed-income securities is considered regular income and is determined based on the creditworthiness of the borrower and current market rates. In general, bonds and fixed-income securities with longer-dated maturities pay a higher rate, also referred to as the coupon rate, because they are considered riskier. The longer the security is on the market, the more time it has to lose its value and/or default. At the end of the bond term, or at bond maturity, the borrower returns the amount borrowed, also referred to as the principal or par value.

**Mutual Funds:** A mutual fund is a company that pools money from many investors and invests that money in a variety of differing security types based on the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares are the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated daily after market close.

The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages: (a) Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distributions they receive. This includes instances where the fund performed poorly after purchasing shares.; (b) Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given

time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.; and (c) With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds, however, are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit and cannot use losses to offset these gains.

**Please note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease, and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to asset management service.

### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

Jim Scheinberg, Brant Griffin, and other members of North Pier's broad experience in the industry and active participation in their peer communities, as well as ongoing academic involvement positions them as a valued resource for litigation support. Expert witness services include but are not limited to portfolio and cost analysis, fiduciary process evaluation, standards of practice opinions, and other expertise involving ERISA and other fiduciary matters. Further, Brant Griffin regularly serves as an arbiter for FINRA dispute resolutions.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling securities that will be bought or sold in client accounts unless done so after the client execution or concurrently as a part of a block trade.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## Item 12. Brokerage Practices

### Custodian & Brokers Used

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### How Brokers/Custodians Are Selected

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see *“Products & Services Available from Schwab”*)

### Custody & Brokerage Costs

Schwab generally does not charge a separate fee for custody services but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

## **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab's products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

### **Services that Benefit Clients**

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

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. If utilized, these products and services could assist in managing and administering our client accounts. They may include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

### **Services that May Generally Benefit Only Our Firm**

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

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

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



Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

Though many of the aforementioned support products and services are *offered* by Schwab, North Pier does not routinely use any ancillary services beyond access to Schwab's custodial reporting or trading platform.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

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, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality, and price of Schwab's services, and not Schwab's services that only benefit our firm.

### **Soft Dollars**

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Aside from the aforementioned benefits offered to us by Schwab, our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

### **Client Brokerage Commissions**

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Our Custodians do not make client brokerage commissions generated by client transactions available for our firm's use.

## **Client Transactions in Return for Soft Dollars**

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Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

## **Brokerage for Client Referrals**

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Our firm does not receive brokerage compensation for client referrals.

## **Directed Brokerage**

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Neither we nor any of our firm's related person have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected.

From time-to-time we may make an error in submitting a trade order on a client's behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for the client to retain the gain, or our firm confers with the client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client's account, they may be netted.

## **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting the fact that directing transactions through a specific broker or dealer will be for the exclusive benefit of the plan.

## **Aggregation of Purchase or Sale**

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner



possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration, and consistently non-arbitrary methods of allocation.

### Item 13. Review of Accounts

We review accounts on at least a quarterly basis for our clients subscribing to the following services: Asset Management. Third Party Money Management clients receive at least quarterly reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Qualified Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the Retirement Plan Consulting service. We also provide ongoing services to Retirement Plan advisory clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

We provide written reports to clients at least annually. Verbal reports to clients generally take place on at least an annual basis for clients who subscribe to the following services: Asset Management and Third-Party Money Management.

### Item 14. Client Referrals and Other Compensation

#### Charles Schwab & Co. Inc.

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Our firm may receive economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they might benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

Though many support products and services are offered by Schwab, North Pier does not routinely use any ancillary services beyond access to its custodial reporting or trading platform.

#### Client Referrals

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In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, we do not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals).

### Item 15. Custody

All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account

statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### **Item 16. Investment Discretion**

We accept discretionary authority to manage securities accounts. When we accept discretionary authority, our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This agreement allows for the stipulation for any limitations our clients may place on our authority.

### **Item 17. Voting Client Securities**

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write, or email us to discuss questions they may have about particular proxy votes or other solicitations.

However, third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third-party money manager votes proxies, clients maintain exclusive responsibility 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, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

### **Item 18. Financial Information**

#### **Inclusion of a Balance Sheet**

We do not require nor is prepayment solicited for more than \$1,200 in fees per client, 6 months or more in advance. Therefore, our firm has not included a balance sheet for our most recent fiscal year.

#### **Disclosure of Financial Condition**

We have nothing to disclose in this regard.

#### **Bankruptcy Petition**

We have never been subject to a bankruptcy petition.