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

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**COIGN CAPITAL**

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A D V I S O R S

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**Draper, Utah 84020**  
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**Firm Contact:**  
**James Matthew Zundel**  
**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Coign Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (801) 676-4570 or email [matt@coigncapital.com](mailto:matt@coigncapital.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 Coign Capital Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD # 171306.

Please note that the use of the term "registered investment adviser" and description of Coign Capital Advisors, 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 our employees.

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## Item 2: Material Changes

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Coign Capital Advisors, 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.

Since our last annual amendment filing on 03/24/2023, we have the following material change(s) to disclose:

- We have updated our fee arrangements for our Pension Consulting service offered to Plan Sponsors. Pension Consulting clients will be assessed a fee based on a percentage of plan assets in accordance with our fee schedule. The minimum annual fee is \$500. Plans with assets over \$50 million may negotiate a flat fee of up to 0.10% of their account balance. Please see Item 5 for additional information.
- Charles Schwab & Co., Inc. ("Schwab") has completed its acquisition of our previously recommended custodian, TD Ameritrade. As a result of the acquisition, we have amended Items 12 and 14 to disclose that we currently only recommend Schwab as a custodian for client accounts.
- Our firm has launched Iliad Automated Management Services ("Iliad"). Iliad is an automated online platform powered by our firm that guides clients through the investment management process and provides management services. This service is offered to clients who do not fit or do not want our firm's core services. Clients subscribing to the Iliad service authorize our firm to implement our proprietary portfolio models. As part of the Iliad investment management service, clients complete an online personal risk tolerance assessment and provide additional information about their financial goals. Based on the information provided, the appropriate model portfolio is selected for the client. The maximum total fee charged for our Iliad service will not exceed 0.75% of assets under management. The fee is split between our firm and Betterment Securities, which typically charges 0.20%. Clients subscribing to our Iliad service are required to use Betterment Securities as the custodian of their account assets. Please see Items 4, 5, 7, 12, and 13 for additional information.

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## **Item 4: Advisory Business**

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We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Coign Capital Advisors, LLC is a limited liability company formed in the State of Utah. Our firm has been in business as an investment adviser since 2014 and is owned by James Matthew Zundel (75%), Courtland Michael Adams (10%), Daniel Roger Zundel (10%), and Adam Gayle Lefler (5%).

### **Description of the Types of Advisory Services We Offer**

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#### **Asset Management:**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting primarily of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds, structured notes, and other public and private securities or investments. The client's portfolio model and individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. After we have gathered information regarding a client's risk tolerance and financial objectives, we determine a suitable portfolio model or customized investment strategy for the client. Our firm has developed 4 standard portfolio models that vary due to their level of risk, objectives, and general rate of asset class/security weightings: Income, Moderate, Moderately Aggressive, and Aggressive. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. We may also recommend supplementing the portfolio models with highly customized satellite positions, such as pooled investment vehicles, to help achieve a client's investment objective.

We may utilize Independent Money Managers, where we design an investment portfolio on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm and manage such portfolio in conjunction with another investment adviser representative. Before selecting other managers, we make sure that the other managers are properly licensed or registered. We pay compensation to Independent Money Managers for services rendered by these firms to clients and our firm. This compensation is typically equal to a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee. Management of your assets by these managers will incur additional and separate fees that usually range anywhere between twenty-five (25) to fifty (50) basis points of the total advisory fee. In no case will the total advisory fee exceed 3% of the assets under management.

#### **Iliad Automated Management Services ("Iliad"):**

Iliad is an automated online platform powered by Coign Capital Advisors that guides clients through the investment management process and provides management services. This service is offered to clients who do not fit or do not want our firm's core services. Clients subscribing to the Iliad service authorize our firm to implement our proprietary portfolio models. As part of the Iliad investment management service, clients complete an online personal risk tolerance assessment and provide additional information about their financial goals. Based on the information provided, the appropriate model portfolio is selected for the client. We generally create diversified model portfolios of investments consisting of low-cost exchange traded funds ("ETFs"), mutual funds, and other similar equity-related index funds. Information about the client's model portfolio is available on the online platform, which includes their investment style, objectives, and a list of ETFs and other investments with shares that are

included in and traded through them. Clients can also submit or modify their risk preferences, investment objectives, investment size, and any other restrictions for their accounts directly through the online platform. We will periodically rebalance client model portfolios based upon the client's individual needs, stated goals, and objectives.

### **Financial Planning & Consulting:**

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services.

For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

We are required to disclose to our financial planning clients that a conflict of interest exists between us and our clients. The client is under no obligation to act upon the investment adviser's recommendation. As a fiduciary, we always put our client's interests ahead of our own. If the client elects to act on our recommendations, the client is under no obligation to effect the transaction through us. Implementation of the recommendations will be at the discretion of the client.

### **Pension Consulting:**

We provide pension consulting services to employer plan sponsors on a one-time or ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring, and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide

our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

### **Tailoring of Advisory Services**

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We offer 4 standard portfolio models that vary due to their level of risk, objectives, and general rate of asset class/security weightings. In certain cases, we may also recommend supplementing the portfolio models with highly customized satellite positions tailored to help achieve a client's investment objective.

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. Restrictions would be limited to our Asset Management service.

### **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, we managed \$287,876,151 on a discretionary basis and \$0 on a non-discretionary basis.

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## **Item 5: Fees & Compensation**

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### **How We Are Compensated for Our Advisory Services**

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#### **Asset Management:**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
Less than \$750,000	1.25%
\$750,001 to \$2,500,000	1.00%
\$2,500,001 to \$5,000,000	0.75%
Over \$5,000,000	Negotiable from 0.75%

  

<b>Cash Alts</b>	<b>Annual Percentage of Assets Charge</b>
Less than \$750,000	0.25%
\$750,001 to \$2,500,000	0.20%
Over \$2,500,001	0.15%

Our firm's annualized fees are billed on a pro-rata basis quarterly in advance based on the value of your account on the last day of the previous quarter. Fees may be negotiable depending on the scope and complexity of the engagement. Advisory fees will be deducted from your managed account. As part of this process, the client is made aware of the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the assets and all disbursements in 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. We send our invoice directly to the custodian.
- c) If our firm sends a copy of our invoice to you, it will include a disclosure urging you to compare the information provided in our statement with those provided by the qualified custodian.

Clients who have over \$10 million in assets under management may negotiate a flat fee for our asset management service. The flat fee will be dependent on the scope and complexity of the engagement. In any case, the total fee will not exceed 0.75% of the assets under management. Assets under management may also include assets that are held away. Our firm bills on cash unless we anticipate a liquidity event occurring during the quarter.

When utilizing Independent Money Managers in client accounts, the compensation will typically equal a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee. Management of your assets by these managers will incur additional and separate fees that usually range anywhere between twenty-five (25) to fifty (50) basis points of the total advisory fee. In no case will the total advisory fee exceed 3% of the assets under management. The fees may have an adverse effect on client returns as the total fee may exceed 2%. Clients should be aware that other investment advisory firms may charge the same or lower fees than our firm for similar services.

#### **Iliad:**

The maximum total fee charged for our Iliad service will not exceed 0.75% of assets under management. The fee is split between our firm and Betterment Securities, which charges 0.20% of assets under management. Fees are billed on a pro-rata annualized basis quarterly in advance based on the average daily balance of your account during the previous quarter. Fees will generally be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the assets and all disbursements in 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. We send our invoice directly to the custodian.
- c) If our firm sends a copy of our invoice to you, it will include a disclosure urging you to compare the information provided in our statement with those provided by the qualified custodian.

#### **Financial Planning & Consulting:**

We charge on a flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our flat fees generally range from \$700 to \$5,000. Fees are determined based on the number of areas that need to be addressed per plan and/or consultation and the number of hours that will take to address the number of areas. The more areas that a plan and/or consultation addresses, the higher the fee will be. Plans or consultations are typically completed within six (6) months of the client signing a contract with us. The remainder of the 6 month period of the contract will be used to review and make updates to the work that has been completed.

Flat fees will be charged on annual basis for ongoing financial planning & consulting services. The annual fee will be billed within 30 days after the annual date when the contract was signed or as agreed to between the Client and the Advisor. The service automatically renews annually but may be cancelled at any time upon receipt of your written request for termination.

The financial planning and consulting fee will be due within 90 days of the execution of the agreement. The client has the option of having the financial planning and consulting fee deducted from their managed account or be billed directly. If at any point the client is not satisfied with the service, our firm will issue a refund of the fees received for the current period.

### **Pension Consulting:**

We charge a fee based on a percentage of plan assets or a flat fee for pension consulting services. Our firm's fee arrangements for the pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. Clients assessed a fee based on a percentage of plan assets will be subject to the following fee schedule:

<b>Plan Assets</b>	<b>Annual Percentage of Assets Charge</b>
Less than \$1,000,000	0.20%
\$1,000,000 to \$5,000,000	0.15%
Over \$5,000,000	0.10%

The minimum annual fee is \$500. This minimum fee covers the standard services we provide to all pension consulting clients. Our responsibility covers three areas including: Plan Design Consultation, Fee Structure, and Employee Education. Each company will receive a full quarterly report of these areas explaining in detail what is being done to keep in compliance as well as support their employees. The minimum annual fee is reached when the account has a balance of \$250,000 at which point the fee will be adjusted to reflect the fee schedule above.

Plans with an account balance over \$50 million may negotiate a flat fee for our pension consulting service. The flat fee will be dependent on the scope and complexity of the engagement. In any case, the total flat fee will not exceed 0.10% of the account's balance. Clients should be aware that other investment advisory firms may charge the same or lower fees than our firm for similar services.

Advisory fees are billed and directly debited from the client's account by the plan's recordkeeper on a quarterly basis in arrears. This process will be detailed in the recordkeeper agreement and will match the fee schedule outlined above.

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

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Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Our recommended custodian, Charles Schwab & Co., Inc. ("Schwab"), 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: 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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Either party may terminate the Asset Management or Illiad Agreement at any time by providing written notice to the other party. Upon notice of termination, we will proceed to close out your account and process a pro-rata refund of any unearned advisory fees.

Either party may terminate the Financial Planning & Consulting Agreement at any time before the delivery of a financial plan by providing written notice to the other party. For the purpose of calculating refunds, all work performed by us up to the point of termination shall be calculated on a pro-rata basis. You will receive a pro-rata refund of any unearned fees based on the time and effort expended by our firm and Planner.

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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Our firm and representatives do not sell securities for a commission in advisory accounts.

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

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We do not accept performance-based fees.

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### **Item 7: Types of Clients & Account Requirements**

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We have the following types of clients:

- Individuals and High Net Worth Individuals
- Trusts, Estates or Charitable Organizations
- Pension and Profit Sharing Plans
- Corporations, Limited Liability Companies and/or Other Business Types

## **Account Requirements**

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We require a minimum household balance of \$250,000 for our Asset Management service. This minimum account balance requirement may be negotiable depending on the scope and complexity of the engagement.

Clients with accounts whose aggregated value sums up to less than \$500,000 shall be managed upon obtaining the client's consent to pay an advisory fee of \$60 per account on an annual basis paid quarterly. The total cost to the client for our Asset Management service shall not exceed 3% of the client's total assets under management.

We do not have a minimum household balance for our Iliad service.

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

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### Methods of Analysis

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

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

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. 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.

**Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis:** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

### Investment Strategies We Use

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**Proprietary Models:** Our firm has developed 4 proprietary portfolio models for clients as part of our investment process: Income, Moderate, Moderately Aggressive, and Aggressive. The purpose of these models is to create a foundation for clients' investment portfolios based on their individual risk tolerance, investment timeframe, and specific investment goals. Our proprietary models provide recommended percentage allocation ranges to specific asset classes based on risk tolerance. Our risk tolerance models range from conservative to aggressive, with several levels in between. Our firm then tailors our investment model to fit clients' individual investment needs and goals. The risks associated with our proprietary models reflect risks similar to that of asset allocation strategies. This includes that a client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that a client's actual holdings may deviate from the model over time and if not corrected, may no longer be appropriate for the client's goals.

- **Income:** Benchmarked to 35/5/60. Objective is tilted towards capital preservation with a bias toward income.
- **Moderate:** Benchmarked to 45/10/45. Objective is balance between capital preservation and growth.
- **Moderately Aggressive:** Benchmarked to 60/15/25. Objective is growth.

- **Aggressive:** Benchmarked to 65/25/10. Objective is aggressive growth.

In certain cases, we also use the following customized investment strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Alternative Investments:** Pooled investment vehicles, hedge funds, commodity pools, Real Estate Investment Trusts ("REITs"), Business Development Companies ("BDCs"), structured notes, and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.

For example, we may recommend that clients allocate their investments in pooled investment vehicles. Pooled investment vehicles are only considered for high net worth individuals due to their high degree of risk and illiquidity. We will only recommend pooled investment vehicles when suitable for a client based on their risk tolerance and financial objectives. We are required to discuss the specific risks of the investment with the client. If the pooled investment vehicle is affiliated with our firm or any related person, we will notify the client of the affiliation and inherent conflict of interest in writing prior to the investment.

**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.

**Bond Funds:** A fund that invests in bonds, or other debt securities. Bond funds can be contrasted with stock funds and money funds. Bond funds typically pay periodic dividends that include interest payments on the fund's underlying securities plus periodic realized capital appreciation. Bond funds typically pay higher dividends than a certificate of deposit ("CD") and money market accounts. Most bond funds pay out dividends more frequently than individual bonds.

Bond Funds can be classified by their primary underlying assets: (a) Government: Government bonds are considered safest, since a government can always "print more money" to pay its debt. In the United States, these are United States Treasury securities. Due to the safety, the yields are typically low.; (b) Agency: In the United States, these are bonds issued by government agencies such as the Government National Mortgage Association (Ginnie Mae), Federal Home Loan Mortgage Corp. (Freddie Mac), and Federal National Mortgage Association (Fannie Mae).; (c) Municipal: Bonds issued by state and local governments and agencies are subject to certain tax preferences and are typically exempt from federal taxes. In some cases, these bonds are even exempt from state or local taxes.; and (d) Corporate: Bonds are issued by corporations. All corporate bonds are guaranteed by the borrowing (issuing) company, and the risk depends on the company's ability to pay the loan at maturity. Some bond funds specialize in high-yield securities (junk bonds), which are corporate bonds carrying a higher risk, due to the potential inability of the issuer to repay the bond. Bond funds specializing in junk bonds – also known as "below investment-grade bonds" – pay higher dividends than other bond funds, with the dividend return correlating approximately with the risk. Bond funds may also be classified by factors such as type of yield (high income) or term (short, medium, long) or some other specialty such as zero-coupon bonds, international bonds, multisector bonds or convertible bonds.

Fund managers provide dedicated management and save the individual investor from researching issuer creditworthiness, maturity, price, face value, coupon rate, yield, and countless other factors that affect bond investing. Bond funds invest in many individual bonds, so that even a relatively small investment is diversified—and when an underperforming bond is just one of many bonds in a fund, its negative impact on an investor's overall portfolio is lessened. In a fund, income from all bonds can be reinvested automatically and consistently added to the value of the fund. Investors can sell shares in a bond fund at any time without regard to bond maturities.

Bond funds typically charge a fee, often as a percentage of the total investment amount. This fee is not applicable to individually held bonds. Bond fund dividend payments may not be fixed as with the interest payments of an individually held bond, leading to potential fluctuation of the value of dividend payments. The net asset value ("NAV") of a bond fund may change over time, unlike an individual bond in which the total issue price will be returned upon maturity (provided the bond issuer does not default).

**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.

**Individual Stocks:** A common stock is a security that represents ownership in a corporation. Holders of common stock exercise control by electing a board of directors and voting on corporate policy. Investing in individual common stocks provides us with more control of what you are invested in and when that investment is made. Having the ability to decide when to buy or sell helps us time the taking of gains or losses. Common stocks, however, bear a greater amount of risk when compared to certificate of deposits, preferred stock and bonds. It is typically more difficult to achieve diversification when investing in individual common stocks. Additionally, common stockholders are on the bottom of the priority ladder for ownership structure; if a company goes bankrupt, the common stockholders do not receive their money until the creditors and preferred shareholders have received their respective share of the leftover assets.

**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.

**Long-Term Purchases:** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-Term Purchases:** When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading:** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short Sales:** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin Transactions:** We will purchase stocks 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 stock without selling other holdings.

**Option Writing:** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

**Structured Notes:** We may include structured notes in our investment models. Structured notes are securities issued by financial institutions whose returns are based on, among other things, equity indexes, a single equity security, a basket of equity securities, interest rates, commodities, and/or foreign currencies. Thus, your return is "linked" to the performance of a reference asset or index. Structured notes have a fixed maturity and include two components – a bond component and an embedded derivative. Financial institutions typically design and issue structured notes, and broker-dealers sell them to individual investors. Some common types of structured notes sold to individual investors include: principal protected notes, reverse convertible notes, enhanced participation or leveraged notes, and hybrid notes that combine multiple characteristics. We will use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

## **Risk of Loss**

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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.

## **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

## **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher

amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### **Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

### **Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

### **Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

### **Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.



**Market Risk**

The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

**Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

**Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

**Strategy Risk**

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

**Description of Material, Significant or Unusual Risks**

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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, as applicable.

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**Item 9: Disciplinary Information**

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There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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## Item 10: Other Financial Industry Activities & Affiliations

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Representatives of our firm are licensed insurance agents/brokers. They may offer products and receive normal and customary commissions as a result of these transactions. A conflict of interest may arise as these commissionable sales may create an incentive to recommend products based on the compensation they may earn.

Mr. Zundel is the Managing Partner of Zundel Holdings, LLC; Member of the Board of Directors for Xvoyant, Inc.; Hammerspace; and iRecertify; and Manager of JMZ Real Property, LLC. Mr. Zundel is also an Advisor to the Board for Signature Product Group (SPG). He spends a few hours per month with these activities. Our firm has examined these activities for potential conflicts of interest and has determined that these outside business activities do not deter from the quality of his management services.

Mr. Zundel invests in private equity opportunities, such as Truck Shields, LLC; Marolina Investors, LLC; Xvoyant Investments, LLC; Janiis Investors, LLC; Hammerspace; Signature Products Group (SPG); Pelion VII; and iRecertify that make up at least 10% of his total income, which is paid directly from the investment. Participation in this activity may result in co-investing with advisory clients. This presents a potential conflict of interest. To mitigate this conflict Mr. Zundel discloses his participation and compensation to advisory clients who also invest in the same private equity opportunity. Mr. Zundel neither receives referral fees, management fees, or carried interest from these investments.

Our firm has been designated as a consultant for Pier 88 Investment Partners, LLC ("Pier 88"). Pier 88's affiliate, Pier 88 Ventures Enterprise Fund GP, LLC ("Pier 88 Ventures"), is the general partner of the Pier 88 Ventures Enterprise Fund, L.P. ("Pier 88 Fund"). Pier 88 and/or its affiliates will compensate our firm in the amount of 35% (75 basis points) of the total Pier 88 Fund's management fee received by Pier 88. J. Matthew Zundel receives 10% of the total carried interest received by Pier 88 Ventures as a 10% General Partner. While this compensation arrangement is in lieu of the 75-125 basis points advisory fee our firm would otherwise charge under our Asset Management agreement, it does create a conflict of interest because our firm and its related persons are financially incentivized to recommend Pier 88 to clients in order to earn such compensation. To mitigate this conflict, our firm will notify clients of the compensation arrangement and only recommend the Pier 88 Fund if it's in the qualifying client's best interest.

As stated in Item 4 of this brochure, under our Asset Management service description, our firm utilizes Independent Money Managers, where we design an investment portfolio on a fee-only basis for a percentage of assets and manage such portfolio in conjunction with another investment adviser representative. Before selecting other managers, we make sure that they are properly licensed or registered. We pay compensation to Independent Money Managers for services rendered by these managers to clients and our firm. This compensation is typically equal to a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee. Management of your assets by these advisers will incur additional and separate fees that usually range anywhere between twenty-five (25) to fifty (50) basis points of the total advisory fee. In no case will the total advisory fee exceed 3% of the assets under management. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. In order to mitigate this conflict of interest, our firm will select Independent Money Managers that provide a service that is beneficial for the client and who have reasonable fees for their services.

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

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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. 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.

As previously disclosed above in Item 10, Mr. Zundel invests in private equity opportunities, such as Truck Shields, LLC; Marolina Investors, LLC; Xvoyant Investments, LLC; Janiis Investors, LLC; Hammerspace Signature Products Group (SPG); Pelion VII; and iRecertify that make up at least 10% of his total income, which is paid directly from the investment. Our firm is also a consultant for Pier 88 whose affiliate is the general partner of the Pier 88 Fund. Participation in these investments may result in co-investing with advisory clients. 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 may 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 the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

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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.

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## Item 12: Brokerage Practices

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### Selecting a Brokerage Firm

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Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14: Client Referrals & Other Compensation. You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trade through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/ custodians”). By using another broker or dealer you may pay lower transaction costs.

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds,

and U.S. exchange-listed equities and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

## **Products & Services Available to Us**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available at no charge to us. Following is a more detailed description of Schwab's support services:

### **Services that Benefit Client**

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

### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

### **Services that Generally Benefit Only Us**

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

- Educational conferences and events
- Consulting on technology and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or

pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without these arrangements, our firm might be compelled to purchase the same or similar services at our own expense.

With respect to the Iliad service, Betterment Securities is responsible for the execution of securities transactions and maintains custody of Iliad account assets. Clients subscribing to our Iliad service are required to use Betterment Securities as the custodian of their account assets. Betterment Securities exercises no discretion in determining if and when trades are placed; it places trades only at the direction of Betterment. Clients should understand that the appointment of Betterment Securities as the broker for their accounts held at Betterment may result in their receiving less favorable trade executions than may be available through the use of broker-dealers that are not affiliated with Betterment. If clients do not wish to place assets with or execute trades through Betterment Securities, Betterment cannot manage client accounts on the Betterment for Advisors platform.

### **Soft Dollars**

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Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Our firm does not currently accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution.

### **Client Brokerage Commissions**

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We do not acquire client brokerage commissions (or markups or markdowns).

### **Procedures to Direct Client Transactions in Return for Soft Dollars**

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We do 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 for client referrals.

### **Directed Brokerage**

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Neither we nor any of our firm's related persons 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 effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of Schwab. Each client will be required to establish their account(s) with Schwab. Clients subscribing to our Iliad service are required to use Betterment Securities as the custodian of

their account assets. Each client subscribing to our Iliad service will be required to establish their account(s) with Betterment Securities. Please note that not all advisers have this requirement.

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### **Permissibility of Client-Directed Brokerage**

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We allow clients to direct brokerage outside our recommendation. We may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

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### **Special Considerations for ERISA Clients**

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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 that this arrangement will be for the exclusive benefit of the plan.

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### **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.

Betterment places aggregated orders involving multiple Betterment accounts trading in the same securities. Orders for the purchase or sale of securities are routed by Betterment Securities to Apex Clearing Corporation ("Apex"), the clearing broker used by Betterment Securities, for managed execution. Apex is entitled to receive payments or rebates on orders from Betterment Securities, but Apex does not pass on to Betterment Securities any portion of such payments.

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## **Item 13: Review of Accounts or Financial Plans**

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We review accounts on at least a quarterly basis for our clients subscribing to our Asset Management and Iliad services. 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. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to this service.



Only our Private Wealth Advisors will conduct reviews.

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.

Pension Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to Pension Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Pension Consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

Financial Planning clients will receive reviews of their written plans upon completion to discuss the summary of recommendations. We provide ongoing services to financial planning clients, who will receive updates to their plans, discuss changes in their circumstances, etc. Financial Planning clients will receive written updated reports regarding their financial plans on an annual basis. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service.

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

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### **Schwab**

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As disclosed under Item 12 of this Brochure, we receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12: Brokerage Practices).

### **Product Sponsors**

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We may occasionally co-sponsor educational seminars or receive marketing support from unaffiliated investment companies and/or mutual funds. Our clients do not pay more for investment transactions effected and/or assets maintained as result of this arrangement. There is no commitment made by us to any other institution as a result of this arrangement.

Our firm and its representatives may receive economic benefits from third parties including incentives, marketing allowances, and other benefits from the sale of insurance products and our insurance sponsors. This presents a conflict of interest as the sale of insurance products and affiliation to an insurance sponsor may create an incentive to recommend products based on the compensation and/or benefit our firm and representatives may earn. In order to mitigate this conflict of interest, representatives of our firm will always put our Client's interest above our own.



## Referral Fees

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In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm provides cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals). Such compensation arrangements will not result in higher costs to the referred client. In this regard, our firm maintains a written agreement with each unaffiliated person that is compensated for testimonials or endorsements in an aggregate amount of \$1,000 or more (or the equivalent value in non-cash compensation) over a trailing 12-month period in compliance with Rule 206 (4)-1 of the Investment Advisers Act of 1940 and applicable state and federal laws. The following information will be disclosed clearly and prominently to referred prospective clients at the time of each testimonial or endorsement:

- Whether or not the unaffiliated person is a current client of our firm,
- A description of the cash or non-cash compensation provided directly or indirectly by our firm to the unaffiliated person in exchange for the referral, if applicable, and
- A brief statement of any material conflicts of interest on the part of the unaffiliated person giving the referral resulting from our firm's relationship with such unaffiliated person.

In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

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## Item 15: Custody

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### Deduction of Advisory Fees:

All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account or audited financial statements annually if invested in an affiliated fund. 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.

### Affiliated Fund Managers:

Our firm is deemed to have custody of the cash and securities held by our firm's clients invested in Marolina Investors, LLC; Xvoyant Investors, LLC; and Janiis Investors, LLC ("the Funds") because Matt Zundel serves as managing manager of the Funds. In compliance with SEC Rule 206(4)-2(b)(4)(i), a registered Public Company Accounting Oversight Board ("PCAOB") accountant conducts an annual surprise audit of cash and securities held by CCA's advisory clients invested in the Funds and produces audited financial statements, which are provided to each Fund investor within 120 days of the Fund's fiscal year end.

### Third Party Money Movement:

The SEC issued a no-action letter ("Letter") with respect to Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under

a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, Schwab:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

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

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Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm’s written acknowledgment.

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

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We do not and will 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.

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

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We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.

- We do not take custody of client funds or securities except due to deduction of advisory fees, SLOAs, and clients invested in affiliated funds.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.