

## Item 1: Cover Page

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# **Cottage Street Advisors, LLC**

## **Form ADV Part 2A**

### **Investment Adviser Brochure**

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March 2024

This Brochure provides information about the qualifications and business practices of Cottage Street Advisors, LLC (“we,” “us,” “our”). If you have any questions about the contents of this Brochure, please contact Jason B. Haviland, Senior Partner and Chief Compliance Officer, at (508) 748-0709 or [jason@cottagestreetadvisors.com](mailto:jason@cottagestreetadvisors.com).

Additional information about our Firm is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

We are a registered investment adviser. Please note that use of the term “registered investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## **Item 2: Summary of Material Changes**

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### **Annual Update**

In this Item of Cottage Street Advisors, LLC's (CSA or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last ADV filing.

### **Material Changes since Last Update**

Since the last Annual Amendment filing on March 30, 2023, the Firm has the following Material Changes to report:

- This Form was updated to clarify that we do not vote proxies on behalf of clients. Please see Item 17 (Voting Client Securities)

### **Full Brochure Available**

CSA's Form ADV may be requested at any time, without charge by contacting Jason B. Haviland, Senior Partner and Chief Compliance Officer, at (508) 748-0709 or [jason@cottagestreetadvisors.com](mailto:jason@cottagestreetadvisors.com).

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## **Item 4: Advisory Business**

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### **Firm Description**

Cottage Street Advisors, LLC (CSA or the Firm) is an investment adviser providing investment management and financial planning services to individuals, high-net-worth individuals, trust assets, charitable trusts and estates. CSA was founded in 2014.

### **Principal Owners**

CSA is primarily owned by Michael K. Davis. Jason B. Haviland has a minority interest in the Firm.

### **Types of Advisory Services**

CSA offers discretionary investment management and financial planning services to individuals, businesses and institutions.

### **Investment Management and Financial Planning Services**

CSA continuously advises clients regarding investing their funds to meet their individual goals.

During detailed personal discussions, CSA helps clients identify and establish their investing goals and objectives based on their current financial situation, risk tolerance, personal goals and objectives and time horizon.

These meetings may also include but are not limited to a review of additional financial information; sources of income, assets owned, existing insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations. CSA may also review cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning.

Once detailed client information is gathered, CSA develops and creates a client's personal investment plan reflecting the client's goals and objectives.

CSA manages advisory accounts on a discretionary basis. The client's personal investment plan guides CSA's account supervision (e.g., maximum capital appreciation, growth, income, growth and income, etc.).

CSA manages client assets using some or all of the following: individual stocks and bonds, exchange traded funds ("ETFs"), short-term financial instruments, master limited partnerships, and other investment products. To a lesser extent, client funds are invested in actively managed mutual funds. For some clients, option strategies (typically "covered call" writing), are employed to reduce risk and enhance income.

### **Consulting Services**

In special circumstances, a client may need advice that is beyond the Investment Management and Financial Planning services described above. An example of this kind of extraordinary advice may include the development of a strategy for the sale of a family business.

Consulting may include advice on isolated area(s) of concern such as current cash-flow analysis, budgeting, estate planning, retirement planning, reviewing a client's existing portfolio, investment policy review, or any other specific topic.

### **Tailored Relationships**

CSA tailors investment management services to the individual risk preferences and financial objectives of the client. CSA clients are allowed to impose restrictions and guardrails on the investments in their account. For example, a client may suggest a specific investment restriction (e.g., no investments in cigarette company stocks), or a more generalized investment restriction (e.g., no sale of a large inherited security without prior client approval). All limitations and restrictions placed on accounts must be presented to CSA in writing.

### **Fiduciary Statement**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act, ("ERISA") and/or the Internal Revenue Code, ("IRC"), as applicable, which are laws governing retirement accounts.

We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. We must take into consideration each client's objectives and act in the best interests of the client. We are prohibited from engaging in any activity that is in conflict with the interests of the client. We have the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have a reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Regulations prohibit us from:

- Employing any device, scheme, or artifice to defraud a client;

- Making any untrue statement of a material fact to a client or omitting to state a material fact when communicating with a client;
- Engaging in any act, practice, or course of business which operates or would operate as fraud or deceit upon a client; or
- Engaging in any manipulative act or practice with a client.

We will act with competence, dignity, integrity, and in an ethical manner, when working with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

#### **Wrap Fee Programs**

CSA does not refer clients to or sponsor wrap fee programs.

#### **Client Assets**

As of December 31, 2023, CSA manages approximately \$237,945,313 in assets under management, all assets are managed on a discretionary basis.

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

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### **Compensation**

CSA is a “fee-only” investment adviser, and accepts no compensation or commission, direct or indirect, from any third party for any product or security sold to a third party. CSA bases its fees on a percentage of assets under management and hourly or flat rate charges. CSA’s fee schedules are described below.

### **Compensation – Investment Management and Financial Planning Services**

Fees for Investment Management and Financial Planning services are typically 0.75% per year, charged semi-annually or quarterly, in arrears, deducted from the client’s account.

Fees will be based upon the average value (market value or fair market value in the absence of market value, including cash) of the client’s account for the period being billed.

Financial Planning Services are included in our investment management fee but are also available at a fixed price (typically \$1,000 - \$3,000) for clients that would like planning only services.

### **Compensation – Consulting Services**

For financial consulting services that exceed the scope in the paragraph above, services are provided on a negotiated hourly basis, (typically \$250 - \$500 per hour), billed in arrears, paid directly by the client. The scope and cost of consulting services are agreed upon in advance with the client.

### **Other Fees**

Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties. These include fees charged by managers, IRA custodial fees, deferred sales charges, odd-lot differentials, transfer fees and taxes, wire transfer and electronic fund fees, safekeeping fees, interest charges on margin loans, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus.

Such charges, fees and commissions are exclusive of and in addition to CSA’s fee, and CSA shall not receive any portion of these commissions, fees, and costs.

### **Termination**

Investment Advisory Agreements may be terminated at any time by either party, for any reason upon receipt of written notice.

Any fees due will be charged on a pro rata basis.

### **Cash Balances**

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, i.e., money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon.

### **Retirement Plan Rollover Recommendations**

As part of our investment advisory services to our clients, we may recommend that clients roll assets from their employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will advise on the client's behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts.

If the client elects to roll the assets to an IRA that is subject to our advisement, we will charge the client an asset-based fee as set forth in the advisory agreement the client executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to the client (i.e., receipt of additional fee-based compensation). Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if clients do complete the rollover, clients are under no obligation to have the assets in an IRA advised on by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in our clients' best interests and not put our interests ahead of our clients.'

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of our clients' when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in our clients' best interests;
- charge no more than a reasonable fee for our services; and
- give clients basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:



1. leaving the funds in the employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide clients with an explanation of the advantages and disadvantages of both account types and document the basis for our belief that the rollover transaction we recommend is in your best interests.

#### **General Information on Compensation**

Fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation. Lower fees for comparable services may be available from other sources.

Related accounts may be linked for purposes of fee calculation if all parties agree; meaning certain accounts, approved by CSA may be grouped for fee calculations.

Fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of a client.

As described above, all fees paid to CSA for investment management services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees will generally include a management fee, other fund expenses and a possible distribution (12b-1) fee. The broker/dealer may receive these fees in connection with the placement of client funds into mutual funds. CSA does not receive any portion of 12b-1 or similar fees. The client should review both the fees charged by mutual funds and the fees charged by CSA to fully understand the total amount of fees to be paid and to evaluate the advisory services being provided.

The same or similar investment management services may be available from other investment advisers for a lower fee or with different levels of service and personalization. We encourage all clients and potential clients to ask questions and fully understand the fees that they are paying and services that they are receiving for those fees.

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

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Neither CSA nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Item 7: Types of Clients

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### **Types of Clients**

As described in Item 4, CSA's clients include individuals, high-net-worth individuals, trust assets, charitable trusts and estates.

### **Account Minimums**

CSA typically requires a minimum of \$1,000,000 in assets under management. Waivers or exceptions from the minimum may be granted at the exclusive discretion of CSA.

CSA may group certain related client accounts for the purposes of achieving the minimum account size.

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

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### **Basic Management Philosophy**

CSA approaches security and investment selection with a fundamental approach to investing that focuses on determining if the investments being considered are intrinsically undervalued or overvalued in relation to their current market prices. This approach is sometimes referred to as “value investing” and we would generally characterize ourselves as such. CSA believes that past market movements are not a significant factor in the future direction of the stock or security, and we rely much less on technical analysis to guide our investment approach.

Similar to many other professional investors, CSA starts with a “top-down” macro-economic assessment of the economy and financial markets in order to assess the major trends that can influence investment opportunities and risk. Important factors considered include geo-political events, country-specific investment environments, tax and regulatory constraints, major technological trends, and where the economy is in the business cycle.

From this overview of the investment landscape conclusions are drawn about the relative attractiveness of different investment asset categories to determine appropriate diversification strategies for our clients. These strategies will be customized for each client based on their investment goals, specific liquidity needs, and risk preferences.

### **Diversification**

Because it is impossible to predict the future, *diversification* is an essential element of any investment plan. No investments are truly “risk free.” However, proper diversification will in many cases reduce the extent of portfolio volatility and the resulting magnitude of loss in adverse market conditions.

Diversification includes allocating investments to broadly different asset categories (e.g., fixed income, equities, money-market funds), and further diversifying among specific investment vehicles within each category as well as pursuing geographic and sector/industry diversification.

Example: Assume a client has a primary growth objective for her portfolio. This would generally imply a heavy proportion of equities in her portfolio mix. But proper diversification might require further steps to diversify her equity holdings into international and domestic equities, small-cap and large-cap equities, and “value” and “growth” equities.

### **Return versus Risk**

It is an axiom of investing that asset classes offering higher expected returns entail more risk. This is neither a good thing nor a bad thing. But investors seeking higher returns must be prepared for the volatility and risk of loss associated with these investments. On the other hand, an investor must appreciate that investments in common stocks over long

periods of time have yielded higher returns than fixed-income investments, and that bonds correspondingly have done better than low-risk money-market funds.

The amount of risk a client should assume is a function of a number of considerations, among them liquidity needs, lifestyle, employment status and security, years to retirement or life expectancy, and total net worth. Another important consideration is a client's psychological comfort with risk.

An important role of the investment adviser is to help each client think through these issues to develop investment goals and strategies that balance portfolio risk and potential returns appropriately. No two clients are absolutely alike, and CSA attempts to tailor each client's investment strategy to meet individual needs and objectives.

### **Long-Term Investment Perspective**

Our investment inclination is to hold on to good investments unless circumstances (liquidity needs, tax considerations) warrant liquidation. Reasons for selling include: 1) the investment thesis is no longer valid or the investment strategy is being modified; 2) the specific investment appreciates to the point where valuation no longer makes sense or the security is over-weighted in relation to the desired asset allocation; or 3) other investments offer greater risk adjustment returns. We generally do not sell an investment simply because the price drops; indeed, a falling market is often an opportunity to buy at a better price. As a general rule, CSA does not believe in taking a "quick profit" in a security. Our experience is that the best investment ideas pay off over multiple years of steady appreciation.

### **Tax-Efficiency**

Tax effects can have a significant impact on a client's effective net total returns. As just one example, the current difference between Federal short-term and long-term capital gain rates can be as much as 28-38% for high-net-worth individuals. To minimize the effective taxes on clients' taxable portfolios a number of strategies may be employed:

- Use of tax-free municipal bonds in lieu of taxable bonds in taxable accounts
- Use of exchange traded index funds in lieu of actively managed mutual funds to minimize portfolio turnover and realized capital gains
- Avoidance of frequent trades and rapid portfolio turnover to minimize short-term capital gains and transaction costs
- Balancing capital gains against losses when appropriate to minimize net realized capital gains

### **Methods of Analysis**

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

**Fundamental Analysis.** CSA attempts to measure the intrinsic value of a security by looking at financial and economic 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. The price of a security can move up or down with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Although not significant factors in the decision-making process, we will examine **technical and cyclical factors** in determining the attractiveness of an investment.

### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Investment alternatives may include long-term purchases, short-term purchases, trading, and margin transactions.

CSA may recommend investments in alternative investments, including real estate limited partnerships, oil and gas partnerships, or private equity and hedge funds.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear.

**All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage assets in a manner consistent with your investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. You should be prepared to bear the following risk of loss:**

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause a company to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause a company to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.
- **Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

CSA may also provide advice on options strategies, managed futures and structured products from time to time.

CSA will generally advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. CSA may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship (such as an annuity) or on any investment on which the client requests advice (such as an investment property)

## Item 9: Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CSA or the integrity of CSA's management. CSA and its partners have no disciplinary events or legal actions to report.



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

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### **Financial Industry Activities – Broker-Dealers**

CSA is not registered as a broker-dealer. None of its management persons are Registered Representatives of a broker-dealer.

### **Financial Industry Activities – Futures and Commodities**

Neither CSA nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Other Investment Advisors**

CSA does not recommend or select other investment advisors for its clients.

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

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### **Code of Ethics**

CSA's employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Jason B. Haviland, Senior Partner and Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the market.

CSA's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of CSA's Code of Ethics by contacting CSA.

### **Participation or Interest in Client Transactions**

CSA and its employees will a) not sell securities directly to clients and b) will not act as an investment adviser to an investment company we recommend to clients.

CSA does not affect any principal or agency cross securities transactions for client accounts. CSA will also not agency cross trades between client accounts.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

CSA and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of CSA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of CSA's clients. In addition, the Code requires pre-clearance of certain types of transactions. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually

monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between CSA and its clients.

As a Chartered Financial Analyst, Jason Haviland is also held accountable to the CFA Code of Ethics and Standards of Professional Conduct.

## Item 12: Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

CSA does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Brokerage – Other Economic Benefits”.

### **Brokerage for Client Referrals**

CSA does not receive client referrals from broker/dealers.

### **Client Directed Brokerage**

While not routine, the client may direct CSA to use a particular broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and CSA will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by the Firm. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Not all advisers require or allow their clients to direct brokerage. Subject to CSA’s duty of best execution, CSA may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If the client requests us to arrange for the execution of securities brokerage transactions for the client’s account, we shall direct such transactions through broker-dealers that we reasonably believe will provide best execution. We shall periodically and systematically review our policies and procedures regarding recommending broker-dealers to our client in light of our duty to obtain best execution.

### **Directed Brokerage (Schwab)**

CSA generally recommends Charles Schwab & Co., Inc. (“Schwab”), a member FINRA/SIPC, an independent and unaffiliated broker-dealer. Schwab provides CSA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis and are not otherwise contingent upon CSA’s commitment to Schwab for any specific amount of business (assets in custody or trading). Schwab’s services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For the Firm’s client accounts maintained there, Schwab is compensated through commissions or other transaction-related fees for securities trades that are executed through Schwab or that

settle into Schwab accounts. The brokerage commissions and/or transaction fees charged by Schwab or any other designated broker-dealer are exclusive of and in addition to CSA's fees.

#### **Directed Brokerage – Other Economic Benefits (Schwab)**

CSA may receive from Schwab, at no cost, professional services, computer software and related systems support, enabling the Firm to better monitor client accounts maintained at Schwab. CSA may receive this support without cost because of the portfolio management services rendered to clients that maintain assets at Schwab. The support provided may benefit the Firm, but not the Firm's clients directly. In fulfilling the Firm's duties to our clients, CSA endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the Firm's receipt of economic benefits from a broker-dealer may create a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support.

The commissions paid by Firm clients shall comply with our duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where CSA determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. 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 among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while CSA will seek competitive rates, the Firm may not necessarily obtain the lowest possible commission rates for client transactions.

Schwab also makes available to CSA other products and services that benefit the Firm but may not directly benefit client accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist CSA in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from CSA client accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

#### **Other Economic Benefits**

CSA may receive from Schwab, without cost to CSA, computer software and related systems support, which allow CSA to better monitor client accounts maintained at Schwab. CSA may receive the software and related support without cost because CSA renders investment management services to clients that maintain assets at Schwab. The software and related systems support may benefit CSA, but not its clients directly. In fulfilling its duties to its clients, CSA endeavors at all times to put the interests of its clients first. Clients should be aware;

however, that CSA receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence CSA's choice of a broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

CSA may also receive the following benefits from Schwab or other service or product providers: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Schwab Advisor Solutions participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. CSA may also receive discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products in furtherance of its investment advisory business operations. Schwab has also offered CSA assistance with services related to marketing.

### **Trade Aggregation**

CSA and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with CSA's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. CSA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order. CSA's allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

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

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### **Reviews**

Client investment portfolios and holdings are reviewed regularly and as circumstances warrant. Formal written communications with performance reports are provided to clients at least once a year, and for a number of accounts twice a year. Informal communications with clients about market conditions, tax issues, financial advice, and their specific portfolios typically occur multiple times per year, and are done by telephone, email, and in informal meetings. During periods of market turbulence or uncertainty these informal communications tend to increase significantly. There is no formal schedule for client meetings, but the small number of individuals and families that CSA works with insures close personal attention and no shortage of interactions.

Portfolios are reviewed by Michael K. Davis, Managing Partner and Jason B. Haviland, Senior Partner and Chief Compliance Officer.

CSA encourages frequent client contact; clients are obligated to promptly notify CSA of any changes in the client's financial status to ensure that investment strategies continue to meet the client's changing needs.

### **Reporting**

Clients receive monthly statements from qualified custodians which include account activity, beginning and ending balances, fees and current values. In addition, the custodian provides clients with trade confirmations for each position bought and sold.

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

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### **Other Compensation**

CSA does not receive any formal economic benefits (other than normal compensation, and benefits described in Item 12) from any Firm or individual for providing investment advice.

### **Other Compensation – Brokerage Arrangements**

As disclosed in Item 12, CSA may receive economic benefits from the custodian in connection with giving advice to clients.

### **Compensation – Client Referrals**

We have been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. We do not compensate referring parties for these referrals.



## Item 15: Custody

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### **Custody – Fee Debiting**

Clients may authorize CSA (in the client agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and CSA. The custodian is advised in writing of the limitation of CSA's access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to CSA.

### **Custody – First Party Money Transfers**

Clients may provide CSA with written ongoing authorization to wire money between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e., a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s) as required.

### **Custody – Trusteeship**

Michael K. Davis and CSA acts as trustee for some client trusts. CSA complies with the SEC's Custody Rule with regard to the custody of the trust assets; annually the Firm is subject to a Surprise Examination by an independent accountant.

### **Custody – Access to Client Funds and/or Securities**

CSA has custody over certain client assets in the form of having login credentials for certain client accounts.

CSA has developed stringent internal controls and procedures over the custody function. In addition, CSA complies with the SEC's Custody Rule, which requires an annual surprise examination conducted by an independent accountant.

### **Custody – Account Statements**

As described in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets indicating all amounts disbursed from the account including the amount of advisory fees paid directly to CSA. Clients are urged to carefully review such statements and compare such official custodial records to any reports that CSA provides. CSA reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16: Investment Discretion**

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Through the investment management agreement, CSA accepts limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows CSA to execute trades on behalf of clients.

When such limited powers exist between the CSA and the client, CSA has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, CSA may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to CSA in writing.

## Item 17: Voting Client Securities

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### **Proxy Voting**

We do not have any authority to and do not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact us for information about proxy voting.

## **Item 18: Financial Information**

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CSA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

CSA is not required to provide a balance sheet; CSA does not require prepayment of fees of both more than \$1,200 per client, and more than six months in advance.

## Form ADV Part 2B – Investment Adviser Brochure Supplement

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### **Cottage Street Advisors, LLC** Form ADV Part 2B Investment Adviser Brochure Supplement

P.O. Box 249  
9 Cottage Street  
Marion, MA 02738  
(508) 748-0709

[www.cottagestreetadvisors.com](http://www.cottagestreetadvisors.com)

**Supervisor's Name: Michael K. Davis**

**Supervisor of:**  
Jason B. Haviland

March 2024

This Brochure Supplement provides information about the Firm's ("we," "us", "our") employees that supplements our Brochure. You should have received a copy of that Brochure, please contact Jason B. Haviland, Senior Partner and Chief Compliance Officer, at (508) 748-0709 or [jason@cottagestreetadvisors.com](mailto:jason@cottagestreetadvisors.com) if you did not receive our Brochure or if you have any questions about the contents of this Supplement.

Additional information about our employee(s) referenced above is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each employee.

## Item 2: Educational Background and Business Experience

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### **Education and Business Background**

CSA requires a college degree and/or extensive experience in providing advisory services as a minimum standard for professionals.

### **Supervised Persons**

***Michael K. Davis***

Born 1944

**CRD # 2577860**

### **Business Background:**

Cottage Street Advisors, LLC

2014 to Present

Managing Partner

Michael Kim Davis – Registered Investment Adviser  
Sole Proprietor and Chief Compliance Officer

1985 to 2015

Resource Planning Associates, Inc.  
Principal and Chief Investment Officer

1973 to 1985

### **Formal Education after High School:**

Harvard Business School

Master of Business Administration

Yale University

Bachelor of Arts in Philosophy

### **Professional Designations:**

Certified Public Accountant (CPA) – inactive

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***Jason B. Haviland***

Born 1971

**CRD # 2823314**

### **Business Background:**

Cottage Street Advisors, LLC

2017 to Present

Senior Partner and Chief Compliance Officer

J. Bradford Investment Management  
Owner

2016 to 2017

Fidelity Investments

1995 to 2016

Vice President

Director of Systems Development

Senior Development Manager  
Senior Software Engineer  
Defined Benefit Project Analyst  
Technology Specialist

**Formal Education after High School:**

Boston College  
Master of Business Administration in Information Technology

University of Michigan  
Bachelor of Arts in Economics

**Professional Designations:**

Certified Financial Analyst (CFA®)

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**Professional Certifications:**

| <b>Chartered Financial Analyst (CFA)</b> |   |
|--|---|
| <b>Issued By</b>                         | CFA Institute   |
|  | Candidate must meet one of the following requirements prior to enrollment:  |
| <b>Prerequisites</b>                     | <ul style="list-style-type: none"><li>• Hold a bachelor's or equivalent degree from a college/university;</li><li>• Be within 11 months of the graduation month for a bachelor's degree or equivalent program by the date of sitting for the Level I exam; or</li><li>• Have a combination of 4,000 hours of work experience and/or higher education that was acquired over a minimum of three sequential years by the date of enrolling for the Level I exam;</li><li>• Have 4,000 hours of qualified work experience in the investment decision-making process (accrued before, during, or after participation in the CFA Program); and</li><li>• Submit two-to-three professional reference letters.</li></ul> |
| <b>Education Requirements</b>            | Candidate must complete the following: <ul style="list-style-type: none"><li>• Self-study program (250 hours of study for each of the 3 levels)</li></ul>   |
| <b>Exam Type</b>                         | Three in-person, proctored, closed-book, computer-based exams   |
| <b>Continuing Education Requirements</b> | None  |

***Certified Public Accountant (CPA)***

|                  |                             |
|------------------|-----------------------------|
| <b>Issued By</b> | State Boards of Accountancy |
|------------------|-----------------------------|

|  |  |
|--|--|
| <b>Prerequisites</b>                     | Candidate must meet the following requirements:  |
|  | <ul style="list-style-type: none"> <li>• Minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA);</li> <li>• Successful passing of the Uniform CPA Examination</li> </ul> |
| <b>Education Requirements</b>            | At minimum, a college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting)  |
| <b>Exam Type</b>                         | Uniform CPA Examination  |
| <b>Continuing Education Requirements</b> | Completion of 40 hours of continuing professional education each year (or 80 hours over a two-year period) in order to maintain a CPA license  |

### Item 3: Disciplinary Information

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Neither CSA nor any Supervised Persons have been involved in any activities resulting in a disciplinary disclosure.

### Item 4: Other Business Activities

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Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations. These Outside Business Activities do not create a material conflict of interest with clients.

As disclosed in Form ADV Part 2A Item 5, Fees and Compensation, neither CSA nor any supervised persons receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

### Item 5: Additional Compensation

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No Supervised Person receives any economic benefit outside of regular salaries or bonuses related to amount of sales, client referrals or new accounts, except as described in Form ADV Part 2A, Item 12.

### Item 6: Supervision

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Michael K. Davis, Managing Partner, is the person responsible for supervising CSA's advisory activities and managing CSA's team of Supervised Persons. Michael K. Davis supervises Supervised Persons by holding regular staff, investment and other ad hoc meetings.



In addition, CSA's Senior Partner and Chief Compliance Officer, Jason B. Haviland, regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. Michael K. Davis and Jason B. Haviland may be reached at (508) 748-0709.