

# TRUNORTH

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## WEALTH PARTNERS

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This Brochure provides information about the qualifications and business practices of TruNorth Wealth Partners, LLC.

If you have any questions about the contents of this Brochure, please contact Peter Rekstad at 651-735-5878. 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.

## Material Changes

In the future, pursuant to SEC Rules, we will ensure that you receive a summary of any material changes within 120 days of the close of our business' fiscal year. We will also provide other ongoing disclosure information about material changes or new information as necessary. We will always provide you with a current brochure at any time without charge, which may be requested by contacting Peter Rekstad at 651-735-5878 or email at [peter.rekstad@trunorthwp.com](mailto:peter.rekstad@trunorthwp.com).

Additional information about TruNorth Wealth Partners, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). TruNorth Wealth Partners, LLC is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

## Advisory Business

### *Our Mission*

TruNorth Wealth Partners, LLC (TruNorth) is an independent wealth management firm providing counsel regarding critical decisions wherever life and wealth intersect. TruNorth's goal is to craft and implement plans that help our clients fulfill their purpose and achieve their mission.

### *Our History and Ownership*

TruNorth is the continuing advisory practice owned by Peter Rekstad. Peter was previously an officer and owner of BGM TruNorth Wealth Partners, a merger of two firms in 2013. Prior to that, Peter was the owner of the original TruNorth that was established in 2005. As of 2018, Peter Rekstad owns 82.5% and Travis Gleason owns 17.5% of the firm. In addition to Peter, CEO and Wealth Partner, there are eight experienced employees in the St. Paul office and one in the Sacramento office. Many members of our team have pursued and maintain professional designations including five CFP®, one CLU®/ChFC®, and one AIF®. Staff biographies for our investment staff members are available in TruNorth's Form ADV 2B that accompanies this brochure.

### *Our Services*

TruNorth provides a broad range of comprehensive investment advisory services including:

- Financial Planning and Consulting
- Investment Management
- Selection of Independent Managers
- Foundation Fiduciary and Plan Trustee Support

TruNorth consults with you to obtain detailed financial information and other pertinent data to determine appropriate investment guidelines, confirm and understand your unique risk tolerance, and identify other personalized factors that will assist us in ascertaining the investment style of your asset management account. This may include tax-related planning and other non-investment matters. We construct a diversified selection of portfolio investments and manage your portfolio to meet your investment goals, adapting strategies as needed with changes.

The portfolios we manage for you may include accounts at a custodian where we have trading ability as well as accounts held at other financial institutions and in employer-sponsored plans. You may hold common stocks and bonds in your accounts as part of the complete portfolio. While we do specialize in the development of bond ladders, we do not specialize in research, selection and monitoring of individual stocks. Portfolios may also include accounts where

an Independent Manager is supervising and trading individual stocks and bonds.

Our customized approach will address any or all of the following concerns and needs:

- Net worth calculation: We review all assets and liabilities for potential opportunities or risks.
- Tax and cash flow analysis: We review past taxes and spending to find opportunities for future tax savings and spending needs. Future tax liability is always taken into account in developing the investment portfolio.
- Retirement planning: We analyze where you are today and where you want to be in the future. We then develop income strategies and investment portfolios to help achieve that vision.
- Estate planning: We assist in developing an ongoing estate plan (reviewed every three to five years) that may include wills, trusts, powers of attorney, healthcare directives, asset protection and multi-generational family issues. We will work with your attorney in their drafting of the final documents.
- Investment planning: We review past investment decisions, develop an overall asset allocation to fit your goals, and monitor that plan on an ongoing basis.
- Education planning: We analyze the costs of the education you want your children or grandchildren to receive and develop a funding plan to achieve this goal.
- Risk management: We review a family's needs based on death, disability, long-term care, liability or home/auto risks. When needed, we will bring in outside consultants in this analysis.
- Business planning: We recognize that most business owners intertwine their business and personal lives. We analyze the business for opportunities to build the wealth of the owner outside the business and to protect the business from unknown liabilities. We will work with your accountant and attorney in this process.
- Endowments and Foundations: We analyze organizational assets, payout policy, spending requirements, liquidity needs, investment policy and risk tolerance. We consult with you to leverage your leadership capabilities with our capabilities, designing a plan for your short-term goals and longer term anticipated needs. We provide ongoing monitoring and reporting to equip your leadership to meet their fiduciary duties.

TruNorth may also provide non-discretionary investment management services regarding: (1) variable life/annuity products that you own, (2) individual employer-sponsored retirement plans, and (3) investment accounts where we agree to not place trades without your prior approval. In so doing, we either direct or recommend the allocation of your assets among the various fund options that comprise the variable life annuity product or the retirement plan. Your assets will continue to be maintained at the specific insurance company that issued the variable life/annuity product which you own, or at the custodian designated by the trustee of your retirement plan.

### *Assets Under Management*

As of 12/31/2023, TruNorth serves \$516,760,775 in assets under management, with approximately \$496,302,712 in discretionary accounts and \$20,458,063 in non-discretionary accounts.

## Fees and Compensation

TruNorth offers a meeting at no cost so that you can determine if our services are right for you. We use this meeting to discuss and understand goals and objectives, review a prospective client's current financial situation, and to jointly determine if an investment advisory relationship with TruNorth would be a complimentary fit. At the time a new investment advisory relationship is established with TruNorth, a written agreement specifies the terms and conditions of the relationship. The agreement details the fees associated with advisory services and the specific assistance to be provided by TruNorth. Fees may be subject to negotiation.

In most cases, we deduct the fees from your investment accounts. In rare situations, we provide a bill for the quarterly fee. In all situations, we send a quarterly invoice outlining the amount and how we calculated the fee. For the initial quarter of investment management services, the first quarter's fees will be calculated on a pro rata basis.

Contracts may be terminated by either party upon written notice. In such a case, you may receive a refund of any unearned fees during the first six months except for costs of set-up and early termination. Thereafter, fees are prorated to the amount of days in the quarter in which you received services. A full refund is provided without penalty if you terminate the contract, in writing, within five days of the agreement execution.

### *Financial Planning/Consulting, and Wealth Coaching*

For planning, consulting and coaching services, we

typically determine a fixed fee based on the scope of work planned before you enter into a written agreement for the work. We usually collect half of the fee before the work begins and the remainder is due when we complete the work to your satisfaction. The fixed fee for this aspect of our consulting services ranges from \$1,000 to \$5,000. If you engage TruNorth to provide additional planning, consulting and/or coaching services after delivery of the comprehensive financial plan, we charge a fixed fee that ranges from \$1,500 to \$100,000 per year depending upon the level and scope of services provided.

### *Investment Management and Selection of Independent Managers*

Investment advisory fees will typically be a variable fee up to 1.25% of your investable assets, based on the size, nature and complexity of the account. Our fees are payable in advance on a quarterly basis and are based on the value (market value, or fair market value in absence of market value, plus any credit balance or minus any debit balance) of the assets at the end of the previous quarter. "Assets under management" include assets held in an account whether or not the purchase of the assets was at the recommendation of TruNorth advisory personnel.

### *Organization Client Support*

As an advisor to organization clients (Foundations, Endowments, Non-Profits and Qualified Retirement Plans), TruNorth provides initial discussions and response to Requests for Proposal at no cost. Organizations may engage TruNorth for consulting services and for Investment Management and Selection of Managers. Before beginning work, a written agreement would be established to outline the scope of services and respective fees. Typical fees for this type of support would be consistent with the prior paragraph regarding Investment Management and Selection of Independent Managers.

### *General Information*

Clients with funds (mutual funds, ETFs, variable annuities) in their portfolios are effectively paying TruNorth and the fund advisor for the management of the client's assets because funds pay advisory fees to the fund advisor and such fees are therefore indirectly charged to all holders of the fund shares. Clients who place fund shares under TruNorth's management are therefore subject to both a direct management fee of TruNorth, the indirect management fee of the fund and all applicable trading costs.

Clients who elect to use Separately Managed Accounts (Independent Managers) in the management of their portfolio will be paying TruNorth and the selected Independent Manager for the management of assets. Independent Managers have the discretion to trade individual securities on

behalf of the client, with the client's best interest in mind. Clients who use an Independent Manager are subject to the direct management fee of TruNorth, the Independent Manager's fee and all applicable trading costs.

You may make additions to and withdrawals from the account at any time, subject to our right to terminate an account. If you deposit assets into or withdraw from an account after the beginning of a quarter, the fee payable with respect to such assets may be adjusted or prorated based on the number of days remaining in the quarter. You may withdraw account assets, subject to the usual and customary securities settlement procedures. TruNorth designs its portfolios as long-term investments, and withdrawals may impair the achievement of your investment objectives.

You may add to your accounts with cash or securities, although we reserve the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. We will consult with you about the options and ramifications of transferring securities. You should be aware that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

A brokerage firm (called a Custodian) holds your assets and may charge fees for trading and custodial services, such as account, trading or service fees. Under the section titled Brokerage Practices, we describe the factors that we consider in selecting or recommending broker dealers for your transactions and determining the reasonableness of their compensation or commission schedules.

## Performance-Based Fees and Side-By-Side Management

TruNorth does not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client) believing they may create an unintentional conflict of interest. Additionally, we do not charge side-by-side management fees.

## Types of Clients

TruNorth provides services to individuals and families, endowments, foundations, trusts, estates, entrepreneurs, small business owners, and corporate executives. In addition, TruNorth clients may also include banking institutions, corporations, pension and profit-sharing plans and domestic business entities.

## Methods of Analysis, Investment Strategies and Risk of Loss

TruNorth specializes in constructing asset allocated portfolios of managed investments. These investments include Mutual Funds, Exchange Traded Funds (ETFs) and Separately Managed Accounts (Independent Managers). At TruNorth, we focus on designing the allocation and selecting the managers that select individual securities for you. Your portfolio is designed with multiple asset classes, multiple styles of management, and multiple Investment Managers.

We use analysis from third parties, as well as our own analysis, in building your portfolio. Our underlying assumption is that trying to time the market with your money has a low chance of success. Your portfolio should have a strategic allocation that may change gradually. We rely on economists and economic strategists at large institutional investment firms for our economic outlook and asset allocation.

We analyze Investment Manager results by benchmarking long-term results using Morningstar® and relevant market indexes. We also rely on research and analysis performed by investmentmanager research firms that are independent, objective, and have no affiliation with the managers they evaluate and recommend.

Your portfolio may include common stocks and bonds at your request. While TruNorth does specialize in the development of bond ladders and monitoring, we do not actively manage stock positions and will hold equity positions in your portfolio only to accommodate your interests. You may direct us to include these securities in the asset allocation in place of funds that we would choose.

The primary strategy that we use for client accounts is based on a set of asset allocated model portfolios. The portfolios are globally diversified in an effort to balance and manage a broad array of risks and opportunities. We will determine the appropriate amount of portfolio risk with you. Based on that risk level, we choose the model that matches your risk level, and make any modifications necessary in your situation. After we have invested your portfolio in the strategy, we continually monitor the drift from the target allocation, and rebalance back to the target allocation when appropriate. The frequency of trades will vary based on when you add or withdraw money from your portfolio, as well as the amount of market volatility. We monitor the drift in all portfolios and may trade in portfolios as often as monthly or infrequently as annually depending on the drift.

We review your target portfolio and the corresponding risk and return opportunities with you regularly. As your situation changes, we will adjust the target model as appropriate.



TruNorth may also provide advice or recommendations about private placements, real estate investment trusts (REITs), and any type of investment you hold or are considering in your portfolio. We will discuss the strength of our knowledge regarding other investments at the time you choose to review these investments. If TruNorth recommends private placement securities or REITs to you, we will not receive additional compensation but will continue to receive applicable investment advisory fees on the client's assets under management. We encourage you to consult with your tax advisor and attorney regarding the purchase of these types of investments.

TruNorth believes it is important for each client to understand investing in securities involves a risk of loss that each client should be prepared to bear. There is no assurance that an investment will provide positive performance over any period of time. Past performance, while important, is no guarantee of future results, and different periods and market conditions may result in significantly different outcomes. Specific types of risk each client should understand, as they may be applicable to unique investment assets in a portfolio, include:

#### *Market Risk*

The market values of securities owned may decline, at times sharply and unpredictably. Market values of equity securities are affected by a number of different factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, and decreased demand of an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

#### *Economic Risk*

Changes in economic conditions, for example, interest rates, inflation rates, political and diplomatic events and trends, tax laws and innumerable other factors, can substantially and adversely affect investments.

#### *Asset Allocation Risk*

Asset allocation may have a more significant effect on account value when one of the heavily weighted asset classes is performing more poorly than the others. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

#### *Concentrated Portfolio Risk*

To the extent a portfolio has a large portion in a single security or several securities it bears more risk because it is not diversified. Changes in the value of significantly over-weighted security positions may have a much more substantial directional effect, either negative or positive, on the portfolio's performance.

#### *Emerging Foreign Market Risk*

Investment in the securities of foreign issuers may experience more rapid and extreme changes in value than funds with investments solely in securities of U.S. companies. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, foreign securities issuers may not be subject to the same degree of regulation as U.S. issuers. Reporting, accounting, and auditing standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political change or diplomatic developments could adversely affect investments in a foreign country.

#### *Fixed Income Risk*

Including: interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates; income risk, which is the chance that a strategy's income will decline because of falling interest rates; credit risk, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the bond to decline; and call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The investment would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the investment's income.

#### *Non-Traded Investment Risk*

Non-traded investments, such as hedge funds, private equity and real estate create exposure to markets and investment strategies that cannot be accessed through traditional fixed income and equity markets and may result in a lack of liquidity if there is no secondary market. Non-traded investments are exposed to potential loss of all or a substantial portion of the investment due to leverage (borrowing that may involve using assets as collateral), short-selling or other more speculative investment practices. Additionally, returns may be volatile, there may be delays in tax reporting and there are typically restrictions on transferring interests.

## **Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of TruNorth or the integrity of TruNorth's management. TruNorth has no such disclosures.

## Other Financial Industry Activities and Affiliations

TruNorth is not registered and does not have an application pending to become registered as a securities broker dealer, a futures merchant, commodity pool operator or a commodity trading advisor. None of our personnel are associated with a broker dealer, futures or commodity firm.

## Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have a fiduciary duty to our clients; to act in the best interest of each client and always place the client's interests first and foremost. Acting as a fiduciary according to the Advisors Act, we strive to serve at the highest fiduciary standard of care, including the avoidance, disclosure and management of actual or perceived conflicts of interest. TruNorth takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as TruNorth's policies and procedures. We also strive to handle clients' non-public information in such a way to protect information from falling into hands that have no business reason to know such information and we provide clients with our Privacy Policy (included as the attached supplement).

TruNorth maintains a Code of Ethics for its staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violation reporting requirements, and safeguarding of material non-public information about client transactions. TruNorth's Code of Ethics establishes expectations for business conduct and each employee must annually acknowledge the terms of the Code of Ethics.

Employees of TruNorth may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of TruNorth will not interfere with:

- Making decisions in the best interest of our advisory clients; and
- 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 our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. 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 to reasonably prevent conflicts of interest between TruNorth employees and our clients.

TruNorth's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Peter Rekstad at 651-735-5878 or email at [peter.rekstad@trunorthwp.com](mailto:peter.rekstad@trunorthwp.com).

## Brokerage Practices

### *The Custodians and Brokers We Use*

Your assets must be maintained in an account at a qualified custodian, which is generally a brokerage firm, mutual fund company or bank. While we do not have discretion to determine which custodian will be used or the commission rates paid, we have relationships with Schwab Advisor Services, a division of Charles Schwab & Co. ("Schwab") and Fidelity Investments ("Fidelity"). Both Schwab and Fidelity are registered broker dealers and SIPC members. We are independently owned and operated and are not affiliated with either Schwab or Fidelity.

Schwab and Fidelity maintain client brokerage accounts for our clients and buy and sell securities when we instruct them to do so, as your advisor.

While we recommend Schwab or Fidelity as qualified custodians, the ultimate decision is left with you. If you elect to establish an account to custody assets elsewhere, this may result in the loss of possible advantages derived from bunching of orders for several clients as a single transaction or more attractive share classes at lower minimums. Also, even though an account is maintained at Schwab or Fidelity, clients can still use other brokers to execute trades for their account.

### *How We Select Brokers/Custodians*

TruNorth seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. The factors that we consider in recommending Schwab and Fidelity to clients include respective financial strength, reputation, execution quality, pricing, research, and service. Schwab and Fidelity enable us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

TruNorth may recommend transactions in fixed income securities. TruNorth may execute municipal bond transactions through broker dealers other than Schwab or Fidelity depending upon the type of bond and price comparisons. Best execution is tested periodically when similar or the same bonds appear in inventory at multiple dealers. Outside broker dealers may act as principal on those trades.

### *Brokerage and Custody Costs*

Schwab and Fidelity are compensated by charging commission, collecting shareholder service fees from mutual fund companies, or other fees associated with trade execution. Schwab and Fidelity do not charge separately for custody services. You may pay a commission that is higher than another qualified custodian might charge to effect the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. We determined that having Schwab and Fidelity execute most trades is consistent with our duty to seek best execution. Best execution means the most favorable terms for a transaction based on all relevant factors, taking into consideration the full range of a broker dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Therefore, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for every client transaction.

Clients that select Schwab or Fidelity to serve as custodian of their assets may benefit from the commission rates Schwab and Fidelity make available to our clients. While TruNorth will execute most trades through Schwab for client accounts held at Schwab and execute most trades through Fidelity for clients accounts held at Fidelity, trades may be executed through a different broker dealer if we reasonably believe that an alternate broker dealer will provide best execution. Therefore, trades may be executed at different times and different prices. We periodically and systematically review our policies and procedures regarding recommending broker dealers to our clients in light of our duty to obtain best execution.

You may direct TruNorth, in writing, to use a particular broker dealer to execute some or all of your transactions; also known as directed brokerage. In that case, you will negotiate terms and arrangements for the account with that broker dealer. With these directed brokerage arrangements, you may pay higher commissions, greater spreads or less favorable net prices. If we agree to your request to direct brokerage, we are relieved of our obligation to seek better execution services or prices from other broker dealers. Furthermore, we will be unable to "batch" client transactions for execution through other broker dealers with orders for other accounts managed by

TruNorth. We may decline a client's request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in undue operational difficulties.

### *Batched Trades*

Given the highly individualized nature of the investment services we provide, securities transactions for client accounts are generally accomplished separately for each account. On occasion we may decide to purchase or sell the same securities (stocks, bonds, and ETFs) for several clients at approximately the same time. Although we are not obligated to do this, we may combine or "batch" your order with other clients' orders and place one batched trade. We do this to obtain best execution, to negotiate more favorable commission rates, or to allocate differences in prices, commissions and other transaction costs fairly among multiple clients. If a batched order is filled at several prices (which may occur in more than one transaction), each client participating in the order will receive the average price, which could be higher or lower than the actual price that would otherwise be paid by the client in the absence of batching. The transaction costs per account are generally the same for batched or individually executed trades. Trade executions will generally be allocated among our clients on a pro rata basis. If we determine to "batch" client orders for the purchase or sale of securities, we will not receive any additional compensation or remuneration as a result of the batching.

### *Partial Fill Allocation*

When a batched order is not filled in its entirety or we determine that allocating a batch execution on a pro rata basis is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account if that account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts; (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of an execution would result in a de minimis allocation in one or more accounts, TruNorth may exclude the account(s) from the allocation and the transactions may be allocated on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts,



shares may be allocated to one or more accounts on a random basis.

As most of our clients use Schwab or Fidelity as their custodian, the opportunity to "batch" trades for clients who have elected to direct brokerage to an alternate firm is extremely limited and you should understand that you may lose the possible advantage that clients using Schwab or Fidelity as their custodian may derive, from the batching of orders.

### *Trade Error Policy*

Occasionally, a trading error may occur in a client's account (e.g., the wrong security may be bought or sold). Of course, we seek to keep these errors to a minimum. However, if a trading error is discovered, we immediately contact the broker dealer to provide notice of the error and to seek to correct it. If feasible, the trade will be canceled.

If we were responsible for the trade error, we will bear any net loss. If it is not feasible to cancel the trade, (e.g., because the trade has settled), we will instruct the broker dealer to reverse the trade. If this results in a net loss to you, and we were responsible for the trade error, we will reimburse you. You will retain any net gain that results from reversing the trade error. If you choose not to keep a gain, we will take reasonable measures to ensure we do not benefit from the gain, such as making a charitable donation. As a general matter, to the extent related trade errors result in both gains and losses in your account, they will be netted for the purpose of determining the amount of overall loss or gain. With respect to trade errors in an account maintained at Schwab, it is Schwab's policy to retain/absorb any gain or loss under \$100. Fidelity's policy is to not retain/absorb any gain or loss.

### *Soft Dollars*

Broker dealers who execute securities transactions for our clients may also provide certain brokerage products and/or services to us in exchange for the commission revenue generated by client's trading activities. Generally, "soft dollars" is a recognized term that refers to the receipt of a product or service from a broker dealer or third party in exchange for the commissions generated from executing brokerage transactions on behalf of client accounts. Consistent with obtaining best execution, we have entered into a "soft dollar" arrangement with Schwab and Fidelity. The products and services received under this arrangement assist us in monitoring your accounts and managing our overall trading and portfolio management activities. Such brokerage products and services generally will be used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio.

Specifically, TruNorth directs the trading for client transactions to Schwab and Fidelity. In exchange Schwab and Fidelity provide the following products and services without charge:

- Computer software and related systems support
- Receipt of duplicate client confirmations and bundled duplicate statements
- Access to trading desks that exclusively provide services to Schwab and Fidelity participants
- Access to block trading functionality that provides the ability to aggregate ("batch") securities transactions and then allocate the appropriate shares to client accounts
- Access to an electronic communication network for client order entry and account information
- Schwab or Fidelity may jointly sponsor charitable events with TruNorth

These products and services generally benefit all clients who receive Investment Management services from TruNorth. That said, brokerage commissions paid by one client may be used to pay for products and services not used in managing that client's portfolio. The receipt of brokerage products and/or services as well as the allocation of the benefit of such products and/or services poses a possible conflict of interest.

We believe that our relationship with Schwab and Fidelity is multi-faceted, and the soft dollar benefits derived from Schwab and Fidelity account for only a nominal portion of the total menu of service and support that Schwab and Fidelity provide to TruNorth. Nonetheless, we formally evaluate Schwab and Fidelity's execution quality on an annual basis to identify any issues or concerns.

### *Other Information*

It is TruNorth's policy that the firm will not affect principal or agency cross-securities transactions for client accounts. TruNorth will also typically not cross trades between client accounts, unless it would be mutually beneficial to both clients and in which case the transaction would be fully disclosed to and approved by both clients. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction.

## Review of Accounts

For those clients who receive Investment Management services, we monitor your portfolios on a continuous basis. We review accounts for variations from the target allocation and cash needs. We contact ongoing investment advisory clients at least annually to review previous services and recommendations and to discuss the impact resulting from any changes in your financial situation or investment objectives.

For those to whom we provide Financial Planning and/or Consulting services, we conduct reviews on an "as needed" basis. We encourage you to discuss your needs, goals, and objectives with us and keep us informed of any changes in your financial situation.

We communicate with you by way of meetings, telephone calls, letters, email and portfolio reports. The frequency and mode of personal contact is flexible and usually dependent on what is needed to ensure an effective working relationship.

Unless otherwise agreed upon, the broker dealer/custodian provides you with transaction confirmation notices and regular summary account statements directly. Those clients to whom we provide Investment Management services may also receive a quarterly report from us that includes relevant account and market-related information, an inventory of account holdings and account performance.

Those clients to whom we provide Financial Planning and Consulting services will receive reports summarizing our analysis and conclusions as requested by the client or otherwise agreed to in writing.

## Client Referrals and Other Compensation

Historically, TruNorth entered into an agreement that compensates a retired advisory practice for clients referred to TruNorth. The terms of this agreement are still in place and have not and do not impact the advisory fees paid by the referred clients. TruNorth does not, at this time, enter into agreements to directly or indirectly compensate anybody for client referrals. Other than the benefits from broker/dealers described earlier, the only form of compensation received from advisory accounts are the fees for advisory services.

## Custody

Custody is a term used to describe the role of the entity that maintains and reports on investment assets held in client accounts. These services are typically provided by brokerage firms or banks. The role of a qualified custodian is highly specialized,

independently protecting each client's assets in a role that complements the responsibilities of an advisory firm like TruNorth. There are instances where TruNorth is deemed to have custody even though the assets are held with a qualified custodian.

Specifically, TruNorth has custody being granted additional authority on specific client accounts allowing TruNorth to direct a qualified custodian to withdraw assets. Because of a limited number of special situations that are based on specific client agreements, TruNorth has custody of some client assets. These arrangements apply to client accounts where a representative of TruNorth has been appointed as a Trustee, Executor/Personal Representative of an estate, or Manager of a client's Limited Liability Company. In these scenarios, TruNorth has an additional obligation to contract with an approved public accounting firm to conduct an external annual surprise exam of these activities.

Some clients may execute limited powers of attorney or other standing letters of authorization that permit the firm to transfer money from their account with the client's independent qualified Custodian to third parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate any transfers that may have taken place within your account(s) each billing period. You should carefully review account statements for accuracy.

Aside from these specific situations, TruNorth does not have custody of assets, except in those instances where clients have authorized the automatic deduction of periodic advisory fees directly from their account. If clients wish to elect automatic payment of advisory fees from their account, clients must authorize this election in the advisory contract. The qualified custodian remits the fees directly to TruNorth and records a debit transaction on each client quarterly account statement.

Clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets.

Clients are urged to carefully review such statements and compare such official custodial records to the reports provided by TruNorth. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Investment Discretion

You must provide prior written authorization to establish a discretionary account with TruNorth to determine which securities are bought and sold and the amount of securities to be bought or sold. When selecting securities and determining amounts, TruNorth observes the investment policies, limitations and restrictions established by each client. Investment guidelines and restrictions must be provided to TruNorth in writing. We do not have discretion to determine the broker to be used or the commission paid in executing securities transactions.

## Voting Client Securities

As a matter of firm policy and practice, TruNorth empowers you with full rights and authority to vote on proxy matters in connection with your individual investments. You are free to vote on proxy issues as you see fit. Private Managers receive and vote proxies for all client assets under their management.

## Financial Information

As a registered investment advisor, TruNorth is required to provide you with certain financial information or disclosures about TruNorth's financial conditions.

TruNorth does not require or solicit prepayment more than six or more months in advance. TruNorth 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.

### *Privacy Policy*

TruNorth Wealth Partners, LLC recognizes and respects the privacy of our client relationships and is committed to maintaining the highest standards of confidentiality. We will provide the annual Privacy Notice to all of our clients who obtain financial products and services in accordance with Title V of the Gramm-Leach-Bliley Act of 1999 and its implementing regulations.

TruNorth is entrusted with, or has access to, non-public personal information about its clients and is responsible for the confidentiality and security of that information. TruNorth recognizes and respects the privacy expectation of its customers and will only disclose customer information it collects to third parties (1) as authorized or directed by a client, (2) as permitted by law, (3) to service providers who provide investment products or services to the client, (4) in connection with an audit or examination or (5) to respond to a subpoena or similar legal process. Information provided to TruNorth is used to help clients meet their personal financial goals while guarding against any real or perceived infringements of privacy rights. TruNorth's policy with respect to personal information is stated below:

- TruNorth maintains a hardware firewall to protect our server from intrusion by outside parties whereby non-public personal information might be accessed from outside TruNorth.
- TruNorth maintains all customer records electronically, and in cases where we must maintain paper files, they are in a secure area in locked cabinets so that access to those records can be controlled. All electronic client records are password protected.
- TruNorth has a disaster recovery plan that provides for redundant recordkeeping.
- TruNorth personnel are regularly coached on providing a high level of professionalism to all clients, making each employee responsible for the security and confidentiality of client information. TruNorth limits employee access to non-public personal information to those employees who have a business reason for knowing such information.
- All clients receive the TruNorth Privacy Policy as part of the process for establishing a client relationship and thereafter in the event of an amendment.



# TRUNORTH

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## WEALTH PARTNERS

Wherever Life and Wealth Intersect

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