



**DAHRING | CUSMANO LLC**

**FORM ADV PART 2A**

**BROCHURE**

**Item 1 – Cover Page**

26200 Town Center Dr., Suite 100  
Novi, Michigan 48375  
(248) 348-0100

This brochure provides information about the qualifications and business practices of Dahring | Cusmano LLC. If you have any questions regarding the contents of this brochure, please do not hesitate to contact our Chief Compliance Officer, Andrew Armstrong, by telephone at (513) 832-5385 or by email at [andrew.armstrong@dinsmorecomplianceservices.com](mailto:andrew.armstrong@dinsmorecomplianceservices.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Dahring | Cusmano LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Dahring | Cusmano LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 15, 2024

## **Item 2 – Material Changes**

Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the March 15, 2023 filing, there have been no material changes to this brochure.

**Item 3 - Table of Contents**

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 - Table of Contents .....	iii
Item 4 - Advisory Business.....	1
Item 5 - Fees and Compensation.....	4
Item 6 - Performance-Based Fees and Side-by-Side Management.....	7
Item 7 - Types of Clients .....	7
Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss .....	8
Item 9 – Disciplinary Information .....	12
Item 10 – Other Financial Industry Activities and Affiliations .....	13
Item 11 – Code of Ethics, Participation or Interest in Client Transactions.....	14
Item 12 – Brokerage Practices .....	15
Item 13 – Review of Accounts.....	18
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	20
Item 16 – Investment Discretion.....	21
Item 17 – Voting Client Securities.....	21
Item 18 – Financial Information .....	21

## **Item 4 - Advisory Business**

### **A. Description of the Advisory Firm**

Dahring | Cusmano LLC d.b.a Dahring | Cusmano and Associates, (“Dahring | Cusmano” or the “Firm”) is a limited liability company organized in the State of Michigan. Dahring | Cusmano is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). Dahring | Cusmano is wholly owned by Kirk Dahring and Angela Cusmano. Dahring | Cusmano has been registered since 2019.

### **B. Types of Advisory Services**

Dahring | Cusmano provides holistic and personalized financial planning and discretionary and non-discretionary investment advisory services to individuals, including high net worth individuals, and entities, including, but not limited to, family offices, trusts, estates, private foundations, and qualified retirement plans.

#### Financial Planning and Consulting Services

Dahring | Cusmano offers personal comprehensive financial planning services to set forth goals, objectives and implementation strategies for the client over the long-term. Depending upon individual client requirements, the comprehensive financial plan will include recommendations for retirement planning, educational planning, estate planning, cash flow planning, tax planning and insurance needs and analysis. Dahring | Cusmano prepares and provides the financial planning client with a written comprehensive financial plan. Depending upon the agreement with the client, after the delivery of the financial plan Dahring | Cusmano may have no other obligation to, or interaction with, the client or may perform quarterly, semi-annual or annual reviews of the plan with the client. Clients should notify us promptly anytime there is a change in their financial situation, goals, objectives, or needs and/or if there is any change to the financial information initially provided to us. In addition, Dahring | Cusmano provides consulting services to business entities.

Clients are under no obligation to implement any of the recommendations provided in their written financial plan. However, should a client decide to proceed with the implementation of the investment recommendations then the client can either have Dahring | Cusmano implement those recommendations or utilize the services of any investment adviser or broker-dealer of their choice.

Dahring | Cusmano cannot provide any guarantees or promises that a client’s financial goals and objectives will be met.

#### Investment Management Services

Dahring | Cusmano offers investment management services on a discretionary basis and non-discretionary basis. All investment advice provided is customized to each client’s investment objectives and financial needs. The information provided by the client, together with any other information relating to the client’s overall financial circumstances, will be used by Dahring | Cusmano to determine the appropriate portfolio asset allocation and investment strategy for the client. Financial planning services also are provided, depending on the needs of the client.

The securities utilized by Dahring | Cusmano for investment in client accounts mainly consist of registered mutual funds and exchange traded funds (ETFs), but we will also invest in equity securities, corporate bonds, REITS and variable annuities, among others, if we determine such investments fit within a client's objectives and are in the best interest of our clients.

When Adviser provides investment advice to you regarding your retirement plan account or individual retirement account, Adviser is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Adviser makes money creates some conflicts with your interests, so Adviser operates under a special rule that requires Adviser to act in your best interest and not put our interest ahead of yours.

#### Investment Management Services for Qualified Retirement Plans

Discretionary Investment Advisory Services to Plans: When serving in a discretionary investment advisory capacity for a Plan, Dahring | Cusmano is in the status defined by section 3(38) of the Employee Retirement Income Security Act of 1974 ("ERISA"). As a discretionary investment advisor to qualified retirement plans ("Plans") Dahring | Cusmano assumes the fiduciary responsibility for the selection, monitoring and replacement of the investment options of the Plan. As an initial action step, Dahring | Cusmano seeks to obtain the investment policy statement for the Plan that details the methodologies and criteria utilized to define the style universe of investment options, the specific investment options to be utilized and the ongoing criteria for monitoring and replacing investment options. If the Plan does not have an investment policy statement Dahring | Cusmano may assist the Plan sponsor/trustees of the Plan in drafting an investment policy statement. In instances where an investment policy statement is not available, Dahring | Cusmano will collect information from the Plan sponsor/trustees determined necessary for Dahring | Cusmano's provision of services to the Plan.

In its role as a 3(38) fiduciary, Dahring | Cusmano is only responsible for those Plan investments selected by Dahring | Cusmano and Dahring | Cusmano has no responsibility for any other Plan investments maintained in the Plan by direction of the Plan sponsor/trustees or any other person or entity. As an example, employer securities and investments held in a directed brokerage account are not subject to any fiduciary responsibility or duty on the part of Dahring | Cusmano. Furthermore, the Plan sponsor/trustees should be aware that when Dahring | Cusmano assumes the investment responsibilities by serving as a 3(38) fiduciary, the Plan sponsor/trustees retain all of their fiduciary duties, obligations and responsibilities pursuant to applicable law.

Non-Discretionary Investment Advisory Services to Plans: When serving in a non-discretionary investment advisory capacity for a Plan, Dahring | Cusmano is in the status defined by section 3(21) of ERISA. In this capacity, Dahring | Cusmano assumes no fiduciary responsibility for the completion of an investment policy statement or any aspect of the definition, selection, maintenance or replacement of any Plan investment options. In this non-discretionary role Dahring | Cusmano provides information to the Plan sponsor/trustees regarding investment option style parameters and performance reporting. The Plan sponsor/trustees exercise full authority over the selection of Plan investment options and may, or may not, utilize the information provided by Dahring | Cusmano as part of their decision-making process.

Other Services for Plans: As part of providing the discretionary or non-discretionary investment services to Plans, Dahring | Cusmano may provide certain information and services to the Plan and the Plan

sponsor/trustees. These other services are designed to assist the Plan sponsor/trustees in meeting their management and fiduciary obligations to the Plan. The other services may consist of the following:

- Assist with platform provider search and Plan set-up;
- Plan review;
- Plan fee and cost review;
- Acting as third party service provider liaison;
- Plan participant education and communication;
- Plan benchmarking;
- Assist with Plan conversion to new vendor platform; and
- Assistance in Plan merger.

#### Additional Information Regarding ERISA Plans and Individual Retirement Accounts

As detailed above, Dahring | Cusmano is a fiduciary under ERISA with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. Dahring | Cusmano is also a fiduciary under the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, individual retirement accounts and individual retirement account owners (collectively “Retirement Account Clients”). As such, Dahring | Cusmano is subject to specific duties and obligations under ERISA and the IRC, that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

#### **C. Client-Tailored Advisory Services**

Dahring | Cusmano provides portfolio management services designed to meet a variety of client investment objectives. Client portfolios are managed on the basis of individual clients’ financial situation and investment objectives. Clients may impose reasonable restrictions on the management of their accounts if Dahring | Cusmano determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Dahring | Cusmano’s management efforts.

#### **D. Information Received From Clients**

Dahring | Cusmano will not assume any responsibility for the accuracy or the information provided by clients. Dahring | Cusmano is not obligated to verify any information received from a client or other professionals (e.g., attorney, accountant) designated by a client, and Dahring | Cusmano is expressly authorized by the client to rely on such information provided. Under all circumstances, clients are responsible for promptly notifying Dahring | Cusmano in writing of any material changes to the client’s financial situation, investment objectives, time horizon, or risk tolerance.

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

Dahring | Cusmano has \$535,130,456 in Assets Under Management, of which \$453,575,762 is discretionary, and \$81,554,694 is non-discretionary.

## **Item 5 - Fees and Compensation**

Dahring | Cusmano charges fees based on a percentage of assets under management as well as fixed fees, depending on the particular types of services to be provided. The specific fees charged by Dahring | Cusmano for services provided will be set forth in each client's Agreement.

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

#### Fees for Financial Planning and Consulting Services

Clients that receive financial planning services only are charged a fixed fee that is determined upon a client-by-client basis. The amount of the financial planning services fee will vary depending upon the complexity of client's plan, the time required to complete the services and the services to be provided. The fee is paid on a schedule as agreed to by the client and Dahring | Cusmano in the financial planning services agreement. In addition, Dahring | Cusmano provides consulting and project-based services to clients on either, or both, a fixed fee amount or pursuant to an hourly fee. Actual fees charged are clearly outlined in the financial planning, consulting or project agreement and clients receive invoices reflecting the amount of the fee due and payable. Please refer to "Additional Information Regarding Fees" below for more detailed information regarding fees paid by Dahring | Cusmano clients.

#### Fees for Investment Management Services

Dahring | Cusmano charges an annual advisory fee that is agreed upon with each client and set forth in an agreement executed by Dahring | Cusmano and the client. If fixed, the advisory fee will be specified on the fee schedule as set forth in the agreement executed by Dahring | Cusmano and the client. If based on a percentage of the value of assets under management, the advisory fee for the initial quarter shall be paid, on a pro rata basis, in arrears, based on the average daily balance of the client account during the initial pro rata period. For subsequent quarters, the advisory fee shall be paid, in advance, based on the average daily balance of the client's accounts during the preceding quarter as provided by third-party sources, such as pricing services, custodians, fund administrators, and client-provided sources. The advisory fee percentage charged to a client may be up to 2.0% on an annual basis. In addition, for certain clients the advisory fee will be applied pursuant to the following tiered schedule, with the advisory fee percentage determined on a client-by-client basis: Less than \$250,000; \$250,001 to \$500,000; \$500,001 to \$1,000,000; \$1,000,001 to \$2,500,000; \$2,500,001 to \$5,000,000; and Over \$5,000,000. In the instances where a tiered fee schedule is utilized, the percentage for the highest range of the assets under management value achieved for a billing period applies to all assets under management, not just the assets under management within that range.

#### Fees for Investment Management Services to Retirement Plans

Retirement plan advisory clients will be charged an annual fixed fee, an hourly consulting fee or an asset based fee. The form of fees and fee amounts are determined on a client-by-client basis and are set forth in the agreement executed by Dahring | Cusmano and the client. In engagements where the fees are charged as a percentage of the value of assets under management, the advisory fee percentage charged to a retirement plan advisory client may be up to 1.50% on an annual basis.

Notwithstanding the foregoing, Dahring | Cusmano and the client may choose to negotiate an advisory, consulting or financial planning fee that varies from the information set forth above. Factors upon which a different advisory, consulting or financial planning fee may be based include, but are not limited to, the size and nature of the relationship, the services rendered, the nature and complexity of the products and investments involved, time commitments, and travel requirements. The advisory fee charged by the Firm will apply to all of the client's assets under management, unless specifically excluded in the client agreement. The advisory fee may include the financial planning services described above. Although Dahring | Cusmano believes that its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources and firms.

The investment advisory agreement between Dahring | Cusmano and the client may be terminated at will by either Dahring | Cusmano or the client upon written notice. Dahring | Cusmano does not impose termination fees when the client terminates the investment advisory relationship, except when agreed upon in advance.

## **B. Payment of Fees**

Dahring | Cusmano generally deducts its advisory fee from a client's investment account(s) held at his/her custodian. Upon engaging Dahring | Cusmano to manage such account(s), a client grants Dahring | Cusmano this limited authority through a written instruction to the custodian of his/her account(s). The client is responsible for verifying the accuracy of the calculation of the advisory fee; the custodian will not determine whether the fee is accurate or properly calculated. *See* Section A herewith for further information on fee billing. A client may utilize the same procedure for financial planning or consulting fees if the client has investment accounts held at a custodian.

Although clients generally are required to have their investment advisory fees deducted from their accounts, in some cases, Dahring | Cusmano will directly bill a client for investment advisory fees if it determines that such billing arrangement is appropriate given the circumstances.

The custodian of the client's accounts provides each client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the client's account(s), including any fees paid directly to Dahring | Cusmano.

Clients may make additions to and withdrawals from their account at any time, subject to Dahring | Cusmano's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets at any time on notice to Dahring | Cusmano, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Dahring | Cusmano may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

### **C. Clients Responsible for Fees Charged by Financial Institutions**

In connection with Dahring | Cusmano's management of an account, a client will incur fees and/or expenses separate from and in addition to Dahring | Cusmano's advisory fee. These additional fees may include transaction charges and the fees/expenses charged by any custodian, subadvisor, mutual fund, ETF, separate account manager (and the manager's platform manager, if any), limited partnership, or other advisor, transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), margin interest, brokerage commissions, mark-ups or mark-downs and other transaction-related costs, electronic fund and wire fees, and any other fees that reasonably may be borne by a brokerage account.

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

As noted in Item 5(B) above, Dahring | Cusmano's advisory fees generally are paid in advance. Upon the termination of a client's advisory relationship, Dahring | Cusmano will issue a refund equal to any unearned management fee for the remainder of the quarter. Generally, Dahring | Cusmano will make such refund to the client's account at the client's custodian, unless otherwise such process is unavailable.

### **E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients**

Dahring | Cusmano does not buy or sell securities and does not receive any compensation for securities transactions in any client account, other than the investment advisory fees noted above.

Certain Firm representatives who provide investment advice to clients ("advisory persons") are registered representatives of NEXT Financial Group, Inc. ("NEXT") a SEC registered broker-dealer and member FINRA/SIPC. In this capacity, these individuals may transact in various types of securities or investment products and may receive separate and typical compensation for doing so.

Advisory personnel of the Firm implement securities transactions, acting in their capacity as registered representatives, on a commission basis through NEXT. In such instances, the advisory personnel will receive commission-based compensation in connection with the purchase and sale of securities, as well as a share of any ongoing distribution or service (trail) fees, including 12b-1 fees for the sale of investment company products. Compensation earned by the advisory person in his or her capacity as a registered representative is separate from and in addition to Dahring | Cusmano's advisory fee charged on client assets held in advisory accounts. The receipt of such compensation by an advisory person presents a conflict of interest, as an advisory person who is a registered representative has an incentive to effect securities transactions for the purpose of generating commissions and 12b-1 fees rather than solely based on client needs. Moreover, clients may be able to obtain these products less expensively through sources other than NEXT that do not generate compensation for the advisory person. Dahring | Cusmano addresses this conflict through disclosure and additionally notes that the Firm does not charge advisory fees on assets where the Firm's advisory personnel, acting in their capacity as registered representatives, receive brokerage compensation (e.g., it does not "double dip"). Dahring | Cusmano additionally notes that clients are under no obligation to purchase securities products through NEXT or Firm advisory persons, may choose brokers or agents not affiliated with Dahring | Cusmano or NEXT, and in some cases could purchase products

directly from fund companies without paying brokerage compensation. Dahring | Cusmano and its advisory personnel endeavor to provide clients with the benefit of holistic advice on all assets for which the Firm and its personnel are compensated, including compensation through brokerage commissions and 12b-1 trails.

Certain advisory persons of Dahring | Cusmano are also investment advisor representatives of NEXT. As noted below in Item 10, these investment advisory representatives will be dually registered with NEXT during a transition phase. During such time, they may continue to receive management fees for accounts maintained by NEXT.

In addition, certain advisory persons of Dahring | Cusmano are licensed as insurance professionals. Such persons earn commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to Dahring | Cusmano's advisory fee. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. Dahring | Cusmano addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to purchase insurance products through any person affiliated with Dahring | Cusmano.

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

Dahring | Cusmano does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Dahring | Cusmano's fees are calculated as described in Item 5 above.

#### **Item 7 - Types of Clients**

Dahring | Cusmano offers investment advisory services to individuals, including high net worth individuals, and entities, including, but not limited to, family offices, trusts, estates, private foundations, and qualified retirement plans. Dahring | Cusmano does not impose a minimum portfolio size or a minimum initial investment to open an account. However, Dahring | Cusmano does reserve the right to accept or decline a potential client for any reason in its sole discretion.

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

### **A. Methods of Analysis and Risk of Loss**

A primary step in Dahring | Cusmano's investment strategy is getting to know the clients – to understand their financial condition, risk profile, investment goals, tax situation, liquidity constraints – and assemble a complete picture of their financial situation. To aid in this understanding, Dahring | Cusmano offers clients financial planning that is highly customized and tailored. This comprehensive approach is integral to the way that Dahring | Cusmano does business. Once Dahring | Cusmano has a true understanding of its clients' needs and goals, the investment process can begin, and the Firm can recommend strategies and investments that it believes are aligned with the client's goals and risk profile.

Dahring | Cusmano primarily employs asset allocation analysis methods, with an additional focus upon minimizing the expenses associated with investing, in developing investment strategies for its clients. Research and analysis from Dahring | Cusmano is based on numerous sources, including third-party research materials and publicly-available materials, such as company annual reports, prospectuses, and press releases.

Dahring | Cusmano generally employs a long-term investment strategy for its clients, as consistent with their financial goals. At times, the Firm may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector or asset class.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence Dahring | Cusmano's investment recommendations.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

### **B. Material Risks Involved**

Investing in securities involves a significant risk of loss which clients should be prepared to bear. Dahring | Cusmano's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small- stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and

asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

Additional risks involved in the securities recommended by Dahring | Cusmano include, among others:

- *Stock market risk*, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security will decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, which is the risk that value stocks not increase in price, not issue the anticipated stock dividends, or decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but may lag behind growth stocks in an up market.
- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company will go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.
- *Interest rate risk*, which is the chance that prices of fixed income securities decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.

- *Credit risk*, which is the chance that an issuer of a fixed income security 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 that fixed income security to decline.
- *Exchange Traded Fund (ETF) risk*, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Management risk*, which is the risk that the investment techniques and risk analyses applied by Dahring | Cusmano may not produce the desired results and that legislative, regulatory, or tax developments, affect the investment techniques available to Dahring | Cusmano. There is no guarantee that a client's investment objectives will be achieved.
- *Real Estate risk*, which is the risk that an investor's investments in Real Estate Investment Trusts ("REITs") or real estate-linked derivative instruments will subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in REITs or real estate-linked derivative instruments subject the investor to management and tax risks.
- *Investment Companies ("Mutual Funds") risk*, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- *Commodity risk*, generally commodity prices fluctuate for many reasons, including changes in market and economic conditions or political circumstances (especially of key energy-producing and consuming countries), the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation (agricultural, trade, fiscal, monetary and exchange control), international politics, policies of OPEC, taxation and the availability of local, intrastate and interstate transportation systems and the emotions of the marketplace. The risk of loss in trading commodities can be substantial.
- *Cybersecurity risk*, which is the risk related to unauthorized access to the systems and networks of Dahring | Cusmano and its service providers. The computer systems, networks and devices used by Dahring | Cusmano and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches cause disruptions and impact business operations,

potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.

- *Alternative Investments / Private Funds risk*, investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:
  - loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
  - lack of liquidity in that there may be no secondary market for the investment and none expected to develop;
  - volatility of returns;
  - restrictions on transferring interests in the investment;
  - potential lack of diversification and resulting higher risk due to concentration of trading authority when a single adviser is utilized;
  - absence of information regarding valuations and pricing;
  - delays in tax reporting;
  - less regulation and higher fees than mutual funds;
  - risks associated with the operations, personnel, and processes of the manager of the funds investing in alternative investments.
- *Closed-End Funds risk*, Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.
- *Structured Notes risk* -
  - *Complexity*. Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with Dahring | Cusmano.
  - *Market risk*. Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For

- structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.
- *Issuance price and note value.* The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.
  - *Liquidity.* The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.
  - *Credit risk.* Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

There also are risks surrounding various insurance products that are recommended to Dahring | Cusmano clients from time to time. Such risks include, but are not limited to loss of premiums. Prior to purchasing any insurance product, clients should carefully read the policy and applicable disclosure documents.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. Dahring | Cusmano does not guarantee the future performance of a client's portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser and the integrity of the adviser's management. Dahring | Cusmano has no information applicable to this Item.

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

### NEXT Financial Group, Inc.

As referenced above in Item 5, certain Firm advisory persons who provide investment advice to clients are registered representatives of NEXT, SEC-registered broker-dealer and member FINRA/SIPC. Advisory personnel of the Firm implement securities transactions, acting in their capacity as registered representatives, on a commission basis through NEXT. In such instances, the advisory personnel will receive commission-based compensation in connection with the purchase and sale of securities, as well as a share of any ongoing distribution or service (trail) fees, including 12b-1 fees for the sale of investment company products. Compensation earned by the advisory person in his or her capacity as a registered representative is separate from and in addition to Dahring | Cusmano's advisory fee charged on client assets held in advisory accounts. The receipt of such compensation by an advisory person presents a conflict of interest, as an advisory person who is a registered representative has an incentive to effect securities transactions for the purpose of generating commissions and 12b-1 fees rather than solely based on client needs. Moreover, clients may be able to obtain these products less expensively through sources other than NEXT that do not generate compensation for the advisory person. Dahring | Cusmano addresses this conflict through disclosure and additionally notes that the Firm does not charge advisory fees on assets where the Firm's advisory personnel, acting in their capacity as registered representatives, receive brokerage compensation (e.g., it does not "double dip"). Dahring | Cusmano additionally notes that clients are under no obligation to purchase securities products through NEXT or Firm advisory persons, may choose brokers or agents not affiliated with Dahring | Cusmano or NEXT, and in some cases could purchase products directly from fund companies without paying brokerage compensation. Dahring | Cusmano and its advisory personnel endeavor to provide clients with the benefit of holistic advice on all assets for which the Firm and its personnel are compensated, including compensation through brokerage commissions and 12b-1 trails.

In addition, during a transition period advisory persons of Dahring | Cusmano will also serve as investment adviser representatives of NEXT. Advisory persons will serve in such a capacity for NEXT until the completion of the transition of advisory client accounts from NEXT to Dahring | Cusmano.

As a result of this relationship, NEXT may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about Dahring | Cusmano clients, even if the client does not establish any account through NEXT. If you would like a copy of NEXT's privacy notice, please contact Kirk Dahring.

### Licensed Insurance Professionals

Advisory persons of Dahring | Cusmano are licensed as insurance professionals. Such persons earn commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to Dahring | Cusmano's advisory fee. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. Dahring | Cusmano addresses this conflict through

disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to purchase insurance products through any person affiliated with Dahring | Cusmano.

#### Plan Administration Platforms

As listed above in Item 4, Dahring | Cusmano may assist retirement plan clients in reviewing and selecting retirement plan administration service providers, recordkeepers and platforms (“Plan Service Providers”). Dahring | Cusmano will have agreements with various Plan Service Providers providing for the payment of a finder’s and/or referral fee by the Plan Service Provider to Dahring | Cusmano in instances where a Dahring | Cusmano retirement plan client elects to utilize a Plan Service Provider reviewed and/or presented by Dahring | Cusmano. This practice presents a conflict of interest as Dahring | Cusmano has an incentive to review/present those Plan Service Providers that pay finder’s/referral fees to Dahring | Cusmano. Dahring | Cusmano addresses this conflict through disclosure and strives to ensure that its reviews and presentations of Plan Service Providers are in the best interests of its retirement plan clients. Retirement plan clients are under no obligation to utilize any Plan Service Provider reviewed and/or presented by Dahring | Cusmano.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions**

#### **A. Description of Code of Ethics**

Dahring | Cusmano has a Code of Ethics (the “Code”) which requires Dahring | Cusmano’s employees (“supervised persons”) to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm’s clients. Among other things, the Code of Ethics sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by supervised persons.

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to Dahring | Cusmano for review by the Firm’s Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

Dahring | Cusmano will provide a copy of the Code of Ethics to any client or prospective client upon request.

## Item 12 – Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker-Dealers

Dahring | Cusmano generally recommends that its investment management clients utilize the custody and brokerage services of an unaffiliated broker/dealer custodians (a “BD/Custodian”) with which Dahring | Cusmano has an institutional relationship. Advisor utilizes Charles Schwab & CO., Inc. (“Schwab”) member FINRA/SIPC, and Fidelity. Both Schwab and Fidelity are independent, and unaffiliated, SEC-registered broker-dealer. Schwab and Fidelity offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from Schwab and Fidelity through its participation in the programs. (Please see additional disclosures under Item 12 and Item 14 below.) If your accounts are custodied at Schwab or Fidelity, each will hold your assets in a brokerage account and buy and sell securities when we instruct them to. Clients will pay fees to Schwab and Fidelity for custody and the execution of securities transactions in their accounts.

In making BD/Custodian recommendations, Dahring | Cusmano will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the BD/Custodian to settle the trade promptly and accurately; 4) the financial standing, reputation and integrity of the BD/Custodian; 5) the BD/Custodian’s access to markets, research capabilities, market knowledge, and any “value added” characteristics; 6) Dahring | Cusmano’s past experience with the BD/Custodian; and 7) Dahring | Cusmano’s past experience with similar trades. Recognizing the value of these factors, clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

Dahring | Cusmano participates in the Schwab Advisor Services. In exchange for using the services of Schwab and participating in this program, Dahring | Cusmano may receive, without cost, computer software and related systems support that allows Dahring | Cusmano to monitor and service its clients’ accounts maintained with Schwab. Schwab also makes available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client’s account. These products and services assist Dahring | Cusmano in managing and administering client accounts. They include investment research, both Schwab’s own and that of third parties. Dahring | Cusmano may use this research to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

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

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

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

The benefits received by Dahring | Cusmano through its participation in the Schwab custodial platform do not depend on the amount of brokerage transactions directed to Schwab. In addition, there is no corresponding commitment made by Dahring | Cusmano to Schwab to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of participation in the program. While as a fiduciary, we endeavor to act in our clients' best interests, our recommendation that clients maintain their assets in accounts at Schwab will be based in part on the benefit to Dahring | Cusmano of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. The receipt of these benefits creates a potential conflict of interest and may indirectly influence Dahring | Cusmano's choice of Schwab for custody and brokerage services.

Dahring | Cusmano will periodically review its arrangements with the BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. 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, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or

services incidental to executing securities trades, including clearance, settlement and custody; and

- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

Dahring | Cusmano's clients may utilize qualified custodians other than Dahring | Cusmano for certain accounts and assets, particularly where clients have a previous relationship with such qualified custodians.

#### Brokerage for Client Referrals

Dahring | Cusmano does not select or recommend BD/Custodians based solely on whether or not it may receive client referrals from a BD/Custodian or third party.

#### Client-Directed Brokerage

Generally, in the absence of specific instructions to the contrary, for brokerage accounts that clients engage Dahring | Cusmano to manage on a discretionary basis, Dahring | Cusmano has full discretion with respect to securities transactions placed in the accounts. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's account or other broker-dealers selected by Dahring | Cusmano. In selecting a broker-dealer to execute a client's securities transactions, Dahring | Cusmano seeks prompt execution of orders at favorable prices.

A client, however, may instruct Dahring | Cusmano to custody his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific broker-dealer. In directing brokerage transactions, a client should consider whether the commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, are comparable to those that would result if Dahring | Cusmano exercised its discretion in selecting the broker-dealer to execute the transactions. Directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage client:

- Dahring | Cusmano's ability to negotiate commission rates and other terms on behalf of such clients could be impaired;
- such clients could be denied the benefit of Dahring | Cusmano's experience in selecting broker-dealers that are able to efficiently execute difficult trades;
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited; and
- the client could receive less favorable prices on securities transactions because Dahring | Cusmano may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

In addition to accounts managed by Dahring | Cusmano on a discretionary basis where the client has directed the brokerage of his/her account(s), certain institutional accounts may be managed by Dahring | Cusmano on a non-discretionary basis and are held at custodians selected by the institutional client. The decision to

use a particular custodian and/or broker-dealer generally resides with the institutional client. Dahring | Cusmano endeavors to understand the trading and execution capabilities of any such custodian and/or broker-dealer, as well as its costs and fees. Dahring | Cusmano may assist the institutional client in facilitating trading and other instructions to the custodian and/or broker-dealer in carrying out Dahring | Cusmano's investment recommendations.

#### Trade Errors

Dahring | Cusmano's goal is to execute trades seamlessly and in the best interests of the client. In the event a trade error occurs, Dahring | Cusmano endeavors to identify the error in a timely manner, correct the error so that the client's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

Trade errors generally are corrected through the use of a "trade error" account or similar account at Schwab, or another BD, as the case may be. In the event an error is made in a client account custodied elsewhere, Dahring | Cusmano works directly with the broker in question to take corrective action. In all cases, Dahring | Cusmano will take the appropriate measures to return the client's account to its intended position. Dahring | Cusmano does not benefit financially from trade errors.

### **B. Trade Aggregation**

To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's supervised persons may invest, the Firm will generally do so in a fair equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Firm.

## **Item 13 – Review of Accounts**

### **A. Periodic Reviews**

#### Financial Planning and Consulting Services Account Reviews

Upon completion of the initial financial plan, ongoing annual review services are established, if provided for in the client agreement. Generally, we meet with our clients on an annual basis; however, more frequent reviews are not uncommon. The nature of the annual review is to evaluate the client's progress from the previous year based on their goals and objectives. Dahring | Cusmano will collaborate with the client to update their financial information (i.e. insurance, investments, assets, income and expenses) and craft their yearly financial planning reports. Financial planning reports are provided in various forms and formats, and may consist of a net worth statement, cash flow statement, estimated tax projections, education analysis, retirement analysis, insurance needs analysis, estate tax calculation, and an investment analysis. Reviews are conducted by an advisor of Dahring | Cusmano who is appropriately licensed to provide financial planning services.

### Investment Management and Qualified Plan Client Account Reviews

While investment management accounts and qualified plan client accounts are monitored on an ongoing basis, Dahring | Cusmano's investment adviser representatives seek to have at least one annual meeting with each client to conduct a formal review of the clients' accounts. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

#### **B. Other Reviews and Triggering Factors**

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder's personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company- specific events. Clients are encouraged to notify Dahring | Cusmano of any changes in his/her/its personal financial situation that might affect his/her investment needs, objectives, or time horizon.

#### **C. Regular Reports**

Written brokerage statements are generated no less than quarterly and are sent directly from the qualified custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

Dahring | Cusmano may also determine to provide account statements and other reporting to clients on a periodic basis. Dahring | Cusmano also provides account reports during client meetings.

Clients are urged to carefully review all custodial account statements and compare them to any statements and reports provided by Dahring | Cusmano. Dahring | Cusmano statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

As disclosed under Item 12 above, Advisor participates in Schwab's institutional customer program and Advisor may recommend Schwab to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and

practice management products or services provided to Advisor by third party vendors. Schwab may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by Schwab through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of Schwab for custody and brokerage services.

#### **B. Compensation to Non-Supervised Persons for Client Referrals**

Dahring | Cusmano has not, and does not intend to, enter into agreements with individuals and organizations that are unaffiliated with Dahring | Cusmano for the referral of clients to us. If at such time that Dahring | Cusmano revises this policy, it will implement policies, procedures and forms so as to comply with applicable state and federal regulations.

#### **C. Other Compensation**

As noted above in Item 10, certain personnel of Dahring | Cusmano engage in insurance agent activities and registered representative activities for the unaffiliated broker-dealer Summit. See Item 10 for information regarding these individual insurance agent and broker-dealer registered representative activities.

### **Item 15 – Custody**

All clients must utilize a “qualified custodian” as detailed in Item 12. Clients are required to engage the custodian to retain their funds and securities and direct Dahring | Cusmano to utilize the custodian for the client's securities transactions. Dahring | Cusmano's agreement with clients and/or the clients' separate agreements with the B/D Custodian may authorize Dahring | Cusmano through such BD/Custodian to debit the clients' accounts for the amount of Dahring | Cusmano's fee and to directly remit that fee to Dahring | Cusmano in accordance with applicable custody rules.

The BD/Custodian recommended by Dahring | Cusmano has agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Dahring | Cusmano. Dahring | Cusmano encourages clients to review the official statements provided by the custodian, and to compare such statements with any reports or other statements received from Dahring | Cusmano. For more information about custodians and brokerage practices, see “Item 12 - Brokerage Practices.”

**Item 16 – Investment Discretion**

Clients have the option of providing Dahring | Cusmano with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in Dahring | Cusmano's client agreement. By granting Dahring | Cusmano investment discretion, a client authorizes Dahring | Cusmano to direct securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Clients may impose reasonable limitations in the form of specific constraints on any of these areas of discretion with the consent and written acknowledgement of Dahring | Cusmano if Dahring | Cusmano determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Dahring | Cusmano. See also Item 4(C), Client-Tailored Advisory Services.

**Item 17 – Voting Client Securities**

Dahring | Cusmano does not accept the authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in client portfolios.

**Item 18 – Financial Information**

Dahring | Cusmano is not required to disclose any financial information pursuant to this item due to the following:

- a) Dahring | Cusmano does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of rendering services;
- b) Dahring | Cusmano is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts; and
- c) Dahring | Cusmano has never been the subject of a bankruptcy petition.