

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

**Cannon Financial Strategists, Inc.**

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This brochure provides information about the qualifications and business practices of Cannon Financial Strategists, Inc. If you have any questions about the content of this brochure, please contact us at (706) 548-3422 or

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The information in this brochure has not been approved nor verified by the United States Security and Exchange Commission (SEC) or by any state security authority.

**MATERIAL CHANGES**

Filing date of last annual ADV update: March 29, 2019

Since the filing of our last ADV amendment there have been no material changes between the information previously reflected in our former Form ADV and this Brochure.

## Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	4 -6
Item 5: Fees and Compensation.....	7-8
Item 6: Performance-Based Fees and Side-by-Side Management.....	9
Item 7: Types of Clients.....	10
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9: Disciplinary Information.....	12
Item 10: Other Financial Industry Activities and Affiliations.....	13
Item 11: Code of Ethics.....	14
Item 12: Brokerage Practices.....	15
Item 13: Review of Accounts.....	16
Item 14: Client Referrals and Other Compensation.....	17
Item 15: Custody.....	18
Item 16: Investment Discretion .....	19
Item 17: Proxy Voting – Class Actions.....	20
Item 18: Financial Information.....	21
Item 19: Requirements for State-Registered Advisers.....	22

## **ADVISORY BUSINESS**

### **DESCRIPTION OF ADVISORY SERVICES**

Cannon Financial Strategists, Inc. (“Cannon”) is a privately-held, registered investment advisory firm. Established in 1983, Cannon provides asset management and financial planning services to individuals, families, and institutions. Cannon’s services are summarized below as I.) Investment Advisory Services, II.) Financial Planning Services, & III.) Retirement Plan Advisory Services. Our owners are Kim Young, Kelly Dixon, and George H. Williams.

### **I. - INVESTMENT ADVISOR SERVICES**

Investment advisory services are provided primarily to individual clients. These services include a review of the Clients current asset positions, investment objectives, risk preferences, and overall financial plan. Advice is provided to Clients regarding, but not limited to: mutual fund shares, fixed and variable annuities, certificates of deposit, United States government securities, corporate debt securities, and exchange-listed securities.

Advice is given on the appropriateness of investments and securities within the framework of a Client’s asset allocation model. Advice is not provided on the value of a specific security.

The advisor utilizes investment policy statements to note Client information, recommendations made, the agreed upon service model, and portfolio allocations.

Investment advisory services typically fall into four categories. For each type of the investment advisory service(s) detailed below a client will enter into a written agreement with Cannon:

- a) Wealth Management Services – The advisor works with the Client to develop an intelligent investment allocation across all accounts of a household. This single allocation allows each individual account to have unique holdings based on its tax type. This strategy is used for tax efficiency. The allocation is based upon a client’s needs, risk tolerance, and overall financial plan. Wealth Management services include planning around accumulation, distribution, taxation, and other general planning services.
- b) Asset Management Services – The advisor works with the Client to develop an asset allocation strategy which is then implemented. Asset Management clients are provided specific models for each individual account under management. Strategies follow model portfolios and include some basic planning advice.

- c) Direct Mutual Fund Services – The advisor works with the Client to develop an asset allocation strategy which is then implemented at a mutual fund company. Direct Mutual Fund clients are provided specific models for each individual account under management. Strategies follow model portfolios and include some basic planning advice.
- d) Donor Advised Fund Services – The advisor works with the Client to develop a giving strategy utilizing a donor advised fund. An asset allocation strategy for the fund is then implemented. Strategies could include model portfolios or completely customized allocations depending upon needs.

#### *Discretionary Management*

For Clients that desire Wealth Management Services, Asset Management Services, Direct Mutual Fund Services, or Donor Advised Fund Services, authority is granted to Cannon through the Investment Advisory Agreement for discretionary management of your account. We are granted authority to make determinations regarding securities and securities quantities to be bought and sold for you. This discretion is subject to Client guidelines outlined within your Investment Policy Statement.

## **II. - FINANCIAL PLANNING SERVICES**

Financial planning services are provided to individual Clients including, but not limited to: providing advice regarding investments, tax planning, insurance, estate planning, retirement planning, educational planning, business planning, and employee benefits. Financial planning begins with an initial interview which is used to develop a financial plan. The advisor may or may not be involved with the implementation of such recommendations. Recommendations provided are based on individual objectives and needs, with the goal of obtaining the maximum efficiency of each Client dollar within the framework of Client objectives.

## **III. - RETIREMENT PLAN ADVISORY SERVICES**

Investment advisory services provided to a retirement plan vary depending upon depth of services desired by the plan sponsor. Each Client/Advisor relationship is different and discussions prior to engagement should be had to develop the appropriate service model. Services provided to a retirement plan or to its participants typically include some or all of the following:

### **Plan Committee Services**

Preparation of Investment Policy Statement – The advisor will design and

prepare an investment policy statement (“IPS”) for the Plan based upon consultation with the Client to ascertain investment objectives, policies, and constraints. The IPS is then used to monitor the plan investments on an ongoing basis.

Investment Recommendations – The advisor will recommend specific investments, for selection by the Client, to be held by the Plan or, in the case of a participant-directed defined contribution plan, offered as investment options under the Plan consistent with the policies outlined in the IPS. Additionally, the advisor will recommend investment replacements, for selection by Client, if an existing investment is no longer suitable as an investment option and will assist in the transition to the replacement option if requested by the Client.

Investment Review – The advisor will perform a periodic review of investment performance in accordance with the IPS guidelines to ensure compliance. The investments will be evaluated according to the established guidelines as outlined in the IPS and investment portfolio characteristics, performance of duties, and investment process and philosophy. Under applicable circumstances, the advisor will monitor the appropriateness and continued suitability of each of the investments with a view to complying with the “broad range” requirement in the Regulation under ERISA Section 404(c).

Education Services to Plan Committee - The advisor will provide training for the members of the Plan Committee with regard to their service on the Committee, including guidance with respect to fiduciary duties.

### **Plan Participant Services**

Participant Enrollment and Education – The advisor will assist Client in enrolling Plan participants in the Plan, including conducting an agreed-upon number of enrollment meetings, and conduct investment education seminars for Plan participants.

One-on-One Participant Meetings – The advisor will meet with individual plan participants (or the participant and their beneficiary) to review the plan, investment options, and asset allocation. Discussions may include retirement readiness, income replacement, and other financial related matters, as the participant desires.

Development & Communication of Model Portfolios – The advisor will create and communicate the use of possible model portfolios with plan participants.

### **Plan Design & Construction**

Plan Design Consulting – The advisor will review current Plan design.

Recommendations for modifications/amendments will be provided.

Plan Search Support – The advisor will manage the preparation, distribution and evaluation of Request for Proposal (RFP), finalist interviews, and conversion support.

Vendor Review – The advisor compares the current vendor(s) products, services, and pricing with other options currently available. This service may include comparison to benchmarks. Included in these services is a full review of the Plan's fee structure. The advisor will provide a review of the direct and indirect compensation within the Plan, including revenue-sharing payments.

#### **ASSETS UNDER MANAGEMENT**

AUM (discretionary):	\$ 550,800,000
AUM (non-discretionary):	\$ 27,200,000
Total AUM <sup>1</sup> :	\$ 578,000,000
Date of AUM calculation:	12/31/2018

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<sup>1</sup> Rounded to the nearest \$100,000

## **FEES AND COMPENSATION**

Fees and compensation services depend upon the type and depth of services provided. The following is a summary of fees and compensation by service area.

With respect to all advisory services provided; financial instruments recommended by the advisor generally do not pay a commission. If, however, the best instrument that would help a Client most efficiently meet their financial objective pays a commission and is included in the Client portfolio aggregate for billing purposes, the fee charged to the Client will be offset by the commission amount.

### **I. - INVESTMENT ADVISOR SERVICES**

Investment advisory fees are charged based upon the type of service provided. Below is an overview of how fees are charged based upon the type of provided services.

- a) Wealth Management Services – Fees charged on Client's assets under management are based on rates agreed upon within the Client's Investment Advisory Agreement. Asset-based fees are billed quarterly, generally in arrears, based upon the average daily balance of the account for the entire billing period.

The fee structure for assets under management is a progressive scale with a decreasing percentage charged to higher asset levels:

Assets under advisement are billed according to the following schedule:

<b>Asset Base</b>	<b>Annualized Fee</b>
<b>0 – 400,000</b>	1.00
<b>400,000 – 600,000</b>	0.75
<b>600,000 – 1,500,000</b>	0.50
<b>1,500,000 – 2,500,000</b>	0.35
<b>2,500,001 +</b>	0.25

Payment of compensation may be made directly by the Client or the Client may authorize the deduction of fees directly from the Client's account. Either party may terminate the service for any reason, at any time, and without penalty, by providing thirty (30) days' prior written notice to the other party. Fees for advisory services are negotiable in some circumstances.

There may be other fees to cover execution, brokerage and custodial costs. Such fees can be discussed further as needed. The Client has authorized the Custodian to deduct all

transaction charges and other charges from the Client's account.

- b) Asset Management Services – Fees charged on Client's assets under management are based on rates agreed upon within the Client's Investment Advisory Agreement. Asset-based fees are billed quarterly, generally in arrears, based upon the average daily balance of the account for the entire billing period.

The fee structure for assets under management is a progressive scale with a decreasing percentage charged to higher asset levels:

Assets under advisement are billed according to the following schedule:

<b>Asset Base</b>	<b>Annualized Fee</b>
<b>0 – 400,000</b>	0.7500
<b>400,000 – 600,000</b>	0.5625
<b>600,000 – 1,500,000</b>	0.3750
<b>1,500,000 – 2,500,000</b>	0.2625
<b>2,500,001 +</b>	0.1875

Payment of compensation is made through the Client's written authorization to deduct fees directly from the Client's account. Either party may terminate the service for any reason, at any time, and without penalty, by providing thirty (30) days' prior written notice to the other party.

There may be other fees to cover execution, brokerage and custodial costs. Such fees can be discussed further as needed. The Client has authorized in writing the Custodian to deduct all transaction charges and other charges from the Client's account.

- c) Direct Mutual Fund Services – Fees for investment advisory services are charged based on amount of assets under this Investment Advisor Agreement as follows. Compensation is not based on capital gains or capital appreciation of the portfolio.

The fee percentage charged is an annualized rate of 0.50%, calculated and deducted from Client's account(s) quarterly. This fee represents all compensation Advisor receives. Advisor does not receive commission or any other form of direct compensation from the mutual fund company.

Fees shall be calculated by the mutual fund account provider. For accounts provided by American Funds Services Company, fees are calculated for each quarterly period ending the last business day of February, May, August and November and shall be the product of (i) the average daily net asset value of Client assets during the quarter; (ii) the

number of days in the quarter; and (iii) 0.50% divided by the number of days in the year. The fees shall be paid within thirty (30) days following the end of the quarter for which such fees are payable.

Advisor reserves the right to revise the compensation structure with 30 days written notice. Either party may terminate the service for any reason, at any time, and without penalty, by providing thirty (30) days' prior written notice to the other party.

- d) Donor Advised Fund Services - The investment advisory fee, which will be paid directly to Cannon Financial Strategists pro rata on a monthly basis, is based on the total Giving Fund balance, as follows:

Balances up to \$150,000 = 0.50%

Balances equal to or greater than \$150,000 and up to \$500,000 = 0.35%

Balances equal to or greater than \$500,000 = 0.25%

An administrative fee is assessed to each Donor Advised Fund by TIAA Charitable, Inc. Such fees can be discussed further as needed. The Client has authorized in writing the TIAA to deduct all transaction charges and other charges from the Client's account.

## **II. - FINANCIAL PLANNING SERVICES**

Fees for financial planning services are charged on an hourly basis at rates based upon the advisor's experience level. Rates will be discussed with Clients prior to engagement and billing.

No fee is charged for the initial client interview which is used to determine if a Client/Advisor relationship will be established. After a relationship has been established the Client will be billed for all time spent on Client business. Hourly fees will be billed and payable monthly or quarterly depending on the level of service provided. No bill will be sent unless services have been provided in the previous billing time period.

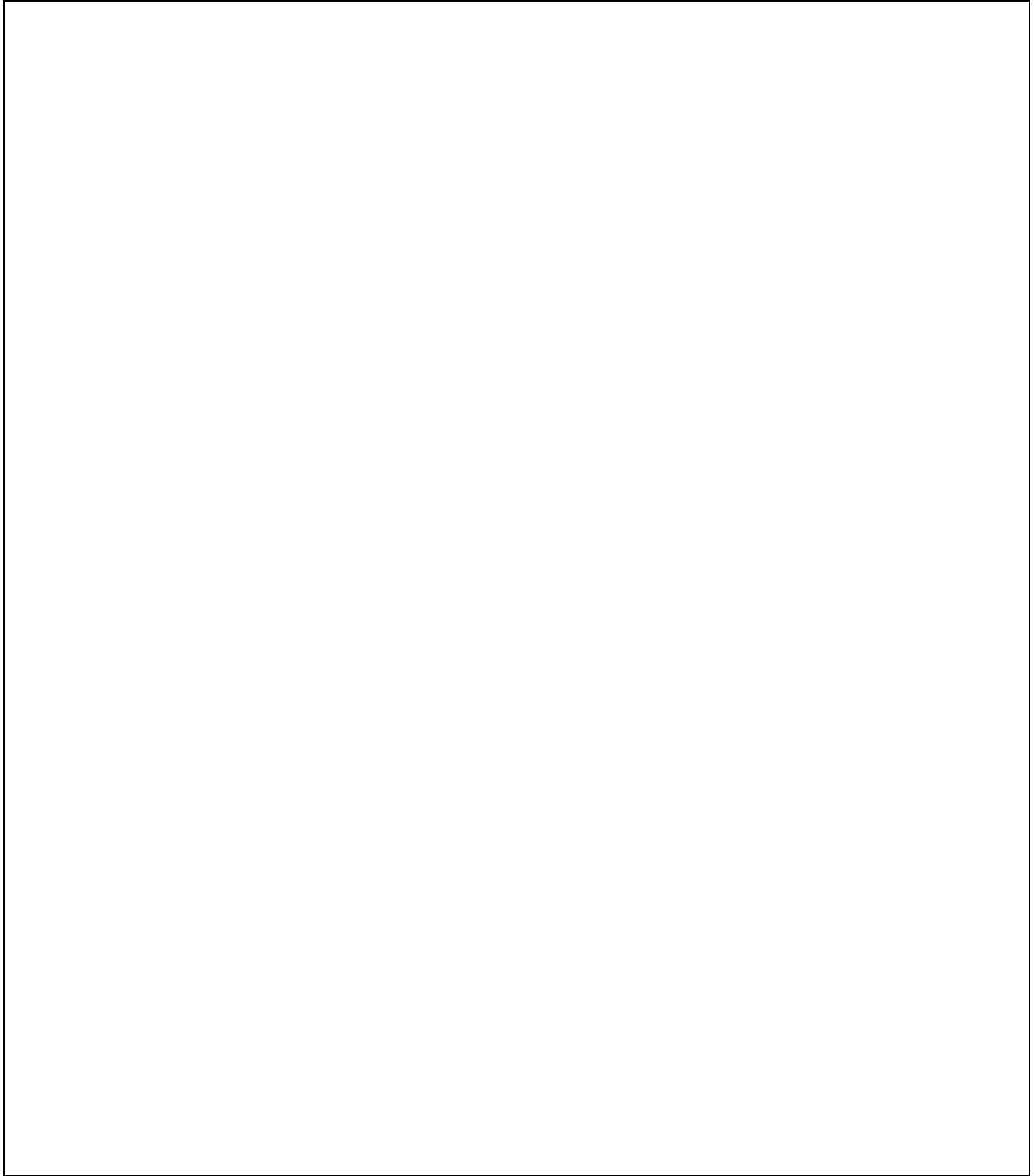
## **III. - RETIREMENT PLAN ADVISORY SERVICES**

Fees for retirement plan advisory services depend on the relationship desired by the Plan Sponsor. Fees for services may be charged based on assets, at a flat fee for a certain scope of services, or at an hourly rate. Fees vary based on the nature of the engagement, services provided, and the size of the plan.

Asset-based fees are based upon the size of the plan and the desired services. Fees range from 5 basis points (0.05%) to 50 basis points (0.50%). These fees may or may not be combined with a flat fee for a certain scope of service depending upon the engagement.

Flat fee and/or hourly- rate fee will be agreed upon prior to engagement and documented within the Retirement Plan Investment Advisory Agreement.

Invoices may be paid by the Plan or by the Plan Sponsor depending upon the nature of the services provided and the Sponsor's desire for payment method. Invoices are typically done in arrears. Certain prepayments of project-based work may be required, usually at 50% of the flat fee.



**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge fees on a share of capital appreciation of the funds or securities in a clients account (performance-based fees). All advisory-based fees will have been previously disclosed.

**TYPES OF CLIENTS**

Cannon provides services to a number of different clients under each of the service models previously described. These types of clients included, but are not limited to:

- Individuals and families, including high-net-worth individuals
- Pension and profit-sharing plans
- Corporations and other business entities
- Non-profit and governmental entities
- Trusts, estates, or charitable organizations

**METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS****Method of Analysis**

The advisor uses fundamental security analysis techniques. A variety of information sources are used, including: financial newspapers and magazines, research materials prepared by others, annual reports, and prospectuses. The advisor utilizes Morningstar reporting tools for securities research.

**Investment Strategies**

The advisor uses the strategy of asset allocation to achieve Client investment objectives.

**Retirement Plans**

In developing an employer-sponsored retirement plan investment line-up, the advisor will assess the appropriateness of investments for the sponsor's organization. The advisor will also provide recommendations which satisfy ERISA 404(c). The advisor uses the techniques described above to assess the quality of the securities recommended within a retirement plan.

**Risk of Loss**

These strategies may not fit all Clients. The appropriateness of an investment or strategy will depend on an investor's circumstances, objectives, financial status, and risk/return preferences. We strive to preserve the principal investment and grow wealth, but investing in securities involves risk of loss that each client should be prepared to accept before investing.

**DISCIPLINARY INFORMATION**

Cannon's Registered Investment Advisors are required to disclose any disciplinary events that would be material to you as a Client when evaluating a Client/Advisor relationship. Our management team does not have any legal or disciplinary history.

**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The advisor you work with may also be involved in other business activities. The Advisor may be an insurance agent, registered in Georgia and North Carolina and may work with employer-sponsored retirement plans, and/or may be registered with a FINRA Member Broker/ Dealer. These other business activities do not create any conflicts of interest; these activities are just a means of transacting other types of business which do not apply to the Registered Investment Advisor.

Any commissions earned for product sales would be credited to the client as previously described under the compensation section.

**RELATED PERSONS**

The purpose of this section is to communicate any other entities that meet the definition of a “related person”. The description below contains certain details surrounding the relationship between any of our related persons and our investment advisory business.

*Related Person:* Cannon Securities, Inc.

*Conflict(s):* Cannon Securities, Inc. is a FINRA Member broker-dealer under common control with CFS. However, no conflict of interest exists as the activities of Cannon Securities, Inc. do not overlap into Cannon Financial Strategists, Inc. Cannon Securities, Inc. does not serve as the broker of record for Cannon Financial Strategists, Inc.

### **Professional Code of Ethics**

This code of ethics is designed to ensure we meet our fiduciary obligation to our clients. This code sets forth the standards by which our advisers should conduct business. The following are core principals which all personnel of the firm must adhere to:

- 1) To abide by the laws of the United States of America in all activities involving providing professional financial services to individuals and institutions.
- 2) To operate with **INTEGRITY** – requires honesty and candor in dealing with clients and avoiding taking inappropriate advantage of our position.
- 3) To operate with **OBJECTIVITY** – requires that we operate as a fiduciary – making sure the client’s best interest is placed first.
- 4) To operate with **CONFIDENTIALITY** – requires not disclosing client information unless in response to proper legal or administrative processes.
- 5) To operate with **PROFESSIONALISM** – requires an attitude of dignity, courtesy, and desire for continual improvement in the ability to serve the client.

### **Standards of Business Conduct**

- A. All supervised persons are to operate within the laws of the United States. Supervised persons are not permitted to:
  - I. Trade on accounts where we may have possession of material, non-public information
  - II. Rumor monger
  - III. Accept gifts and entertainment or provide gifts without prior approval from firm management
- B. All access persons are required to;
  - I. Pre-clear employee brokerage activity and report on an ongoing basis such transactions
  - II. Report any new brokerage accounts opened.
  - III. Re-certify to this code of ethics and business conduct.
- C. All employees are to report to the Chief Compliance Officer any violations of the Code of Ethics.

**BROKERAGE PRACTICES**

In circumstances where the advisor is responsible for Investment Advisor Services, the Client will open, in the Client's name, either a brokerage account with an introducing broker-dealer or a direct mutual fund account. The Client will fund the account through cash deposits or through account/securities transfers. If particular securities cannot be held and/or sold by the custodian, these securities must be liquidated by the Client prior to transferring.

Further information is provided to the Client when these accounts are opened and information is available for clients to review prior to opening such an account.

With respect to Retirement Plan Advisory services, the advisor may at times provide recommendations related to a broker/dealer. These recommendations are typically made during the plan provider selection process.

## **REVIEW OF ACCOUNTS**

### **I. - INVESTMENT ADVISOR SERVICES**

In the case of a client invested in a model portfolio, the model is reviewed periodically and rebalanced in the event one or more investment positions has exceeded an acceptable variance from its target allocation percentage and the rebalancing transaction meets a minimum dollar value.

In the case of a client invested in a custom portfolio, the allocation shall be reviewed annually, or more frequently based on the terms of the Advisory Agreement.

Annually, clients will be presented the opportunity to provide the information necessary for CFS to evaluate their current situation and determine the appropriateness of their allocation strategy.

### **II. - FINANCIAL PLANNING SERVICES**

The review of Client accounts will be conducted to facilitate movement to final implementation of the accepted financial planning recommendations. These reviews may be in the form of meetings with the Client or phone conversations designed to determine progress toward achieving the Client's objectives.

After all the objectives have been completed or implemented, the services will be considered complete and no further account review or services will be provided. Unless otherwise agreed upon for recurring services, any future financial planning services will be provided under a new service agreement.

### **III. - RETIREMENT PLAN ADVISORY SERVICES**

The frequency of plan reviews will be determined during initial discussions with the plan sponsor or investment committee and documented in the Investment Policy Statement. Reviews will happen at a minimum on an annual basis. Plan reviews may include assessment of plan investments, assessment of plan overall performance metrics, or review of plan operations.

If the advisor has agreed to provide investment advisory services to participants, review of such accounts is done when review is initiated by the participant. During the review of a participant's account the advisor will try to match risk tolerance and proximity to retirement with a proper asset allocation. Asset allocations are typically focused upon the assets within the plan but some conversations may be had regarding assets outside of the plan.

**CLIENT REFERRALS AND OTHER COMPENSATION**

We do not receive any benefits from investment providers or other advisors in exchange for referrals. We also do not pay for client referrals or provide other compensation to other advisors for services.

We are a licensed insurance agent registered in Georgia and North Carolina. We may receive commissions on products or services offered under this type of business. We may also pay commissions to individuals based upon products or services sold or provided by this business.

**CUSTODY**

We do not have custody of Client assets other than the direct debiting of fees under certain service models. In order for direct deductions to occur, we must have signed authorization from you indicating that the advisor bill you directly through the custodian. Clients will receive a copy of the billing statement or invoice.

The custodian's statement is the official record of your account or accounts for tax purposes.

**INVESTMENT DISCRETION**

Cannon accepts discretionary authority under the Wealth Management, Asset Management, Direct Mutual Fund, and Donor Advised Fund service models. This discretion is provided to allow your advisor the ability to manage your account on behalf of you. We are granted a limited authority by the Investment Advisory Agreement and by the Client's specific Investment Policy Statement. The contract allows the advisor to manage substitutions, additions, and deletions to a Client's portfolio. Discretionary authority includes the power to purchase, sell and exchange property, exercise rights, and reinvest account proceeds. This advisor's authority is limited to the areas noted above, authority does not include distributions from your account without written instructions.

Discretionary authority is only granted for the Wealth Management, Asset Management, Direct Mutual Fund, and Donor Advised Fund service models. Other services provided by Cannon are done on a non-discretionary basis. In an instance where Cannon is assisting with the implementation of recommendations made, the advisor may be given written authority related to a limited scope of work. This authority, if granted, would be agreed upon by the Client in the Investment Advisor or Financial Planning Agreement.

## **VOTING CLIENT SECURITIES**

Cannon Financial Strategists, Inc., (the "Adviser") shall vote proxies related to securities held by our clients for which we serve as the investment adviser in the best interest of our clients. All references in these Proxy Voting Policies and Procedures are limited solely to clients for which we have agreed to vote such proxies. A client may reserve to itself the right to vote proxies. The Adviser's authority to vote the proxies of certain clients is established by advisory contracts or comparable documents.

The Investment Advisers Act of 1940, as amended (the "Advisers Act"), requires us to act solely in the best interest of our clients at all times. We have adopted and implemented these Proxy Voting Policies and Procedures, which we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and Rule 206(4)-6 under the Advisers Act.

Reflecting a basic investment philosophy that good management is shareholder focused, proxy votes will generally be cast in support of management on routine corporate matters and in support of any management proposal that is plainly in the interest of all shareholders.

Specifically, proxy votes generally will be cast in favor of proposals that:

- maintain or strengthen the shared interests of stockholders and management;
- increase shareholder value; and
- maintain or increase shareholder rights generally.

Proxy votes will generally be cast against proposals having the opposite effect of the above. Where we perceive that a management proposal, if approved, would tend to limit or reduce the market value of the company's securities, we will generally vote against it. We believe that means for ensuring management accountability to shareholders, in the rare cases where it is threatened, must not be compromised. We generally support shareholder rights and recapitalization measures undertaken unilaterally by boards of directors properly exercising their responsibilities and authority, unless we believe such measures could have the effect of reducing shareholder rights or potential shareholder value. In cases where shareholder proposals challenge such actions, our voting position will generally favor not interfering with the directors' proper function in the interest of all shareholders.

We believe that proposals addressing strictly social or political issues are immaterial to the goal of maximizing the return on funds under our management. We will generally abstain from voting on such proposals, but will consider supporting proposals that seek to protect shareholder rights or minimize risks to shareholder value.

We review proxies to assess the extent, if any, to which there may be a material conflict between the interests of our clients on the one hand and our interests (including those of our affiliates, directors, officers, employees and other similar persons) on the other hand (a "potential conflict"). If we determine that a potential conflict exists we will resolve it in a manner that is in the collective best interests of our clients (excluding any client that may have a potential conflict). Without limiting the generality of the foregoing we may resolve a potential conflict in

any of the following manners:

- If the proposal that is the subject of the proposed conflict is specifically addressed in these Proxy Voting Policies and Procedures, we may vote the proxy in accordance with such pre-determined policies and guidelines; provided that such pre-determined policy involves little discretion on our part: or
- We may establish an ethical wall or other informational barriers between the person(s) that are involved in the potential conflict and the person(s) making the voting decision in order to insulate the potential conflict from the decision maker.

We may delegate our responsibilities under these Proxy Voting Policies and Procedures to a third party, provided that we retain final authority and fiduciary responsibility for proxy voting. If we so delegate our responsibilities, we shall monitor the delegate's compliance with these Proxy Voting Policies and Procedures.

We will use commercially reasonable efforts to determine whether a potential conflict may exist. We may abstain from voting a client proxy if we conclude that the effect on shareholders' economic interests or the value of the portfolio holding is indeterminable or insignificant. We may abstain from voting a client proxy for cost reasons (e.g., costs associated with voting proxies of non-U.S. securities). In accordance with our fiduciary duties, we will weigh the costs and benefits of voting proxy proposals and make an informed decision with respect to whether voting a given proxy proposal is prudent. Our decision takes into account the effect that the vote of our clients, either by itself or together with other votes, is expected to have on the value of our client's investment and whether this expected effect would outweigh the cost of voting.

Unless otherwise directed by a client, we are responsible for voting proxies related to securities that we manage for clients with respect to which we have accepted proxy-voting responsibility in writing. A client may from time to time direct us to vote proxies in a manner that is different from the guidelines set forth in these Proxy Voting Policies and Procedures. We will follow such written direction for proxies received after our receipt of such written direction. Written requests to vote on a specific proxy are to be directed to our President.

We shall maintain certain records required by applicable law in connection with proxy voting activities and shall provide proxy-voting information to a client for which we are responsible for voting proxies upon written request. Clients should contact our President to make such a request.

Our Proxy Voting Procedures and Policy will be reviewed annually with the aim of developing the most coherent and understandable proxy voting policy possible.

**FINANCIAL INFORMATION**

We do not require or solicit prepayment of Client fees more than six (6) months in advance.

The advisor is not aware of any financial conditions that would impair its ability to meet contractual commitments.

**REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

As a federally-registered investment adviser, this section of our Brochure is not applicable to us.