

# **Courier Capital, LLC**

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**March 30, 2019**

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Courier Capital, LLC. If you have any questions about the contents of this brochure, contact us at 716-883-9595. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Courier Capital, LLC (CRD No. 282485) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Courier Capital, LLC is a registered investment adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Courier Capital LLC's Brochure dated March 30, 2019 is being amended with updates to the following items:

Item 4 – Advisory Business – has been updated to remove reference to Mr. Bruce Kaz, who is no longer affiliated with Courier Capital, LLC, and to reflect Courier Capital LLC's regulatory assets under management as of December 31, 2018;

Item 10 - Other Financial Industry Activities and Affiliations – has been updated to reflect changes to the outside business activities for Randy Ondines and William Gurney and the name change of Scott Danahy Naylor, LLC to the SDN Insurance Agency, LLC;

Item 12 – Brokerage Practices - has been updated to further clarify that we recommend the use of TD Ameritrade, Fidelity Brokerage Services LLC, and/or Charles Schwab & Co., Inc. and that Courier Capital, LLC has legacy clients who use other broker-dealer custodians due to longstanding relationships, and to add additional disclosures regarding the economic benefits we receive from Fidelity Brokerage Services LLC and Charles Schwab & Co., Inc.;

Item 13 – Review of Accounts - has been updated to remove reference to Mr. Bruce Kaz, who is no longer affiliated with Courier Capital, LLC; and,

Item 18 – Voting Client Securities - has been updated to remove reference to Mr. Bruce Kaz, who is no longer affiliated with Courier Capital, LLC, and to add Karen Mohn who is Courier Capital LLC's current Chief Compliance Officer.

Courier Capital LLC's Brochure dated July 16, 2018 was amended with updates to the following items:

Item 10 - Other Financial Industry Activities and Affiliations – has been updated to show Courier Capital LLC's affiliation with HNP Capital, LLC ("HNP") through common control and ownership exercised by Financial Institutions, Inc. Courier Capital, LLC does not refer clients to HNP; HNP does not refer clients to Courier Capital, LLC; Courier Capital, LLC's advisory services are separate and distinct from HNP's advisory services; and, Courier Capital, LLC's advisory fees are separate and distinct from the compensation paid to HNP for their advisory services.

Item 12 – Brokerage Practices - has been updated administratively to show that T.D. Ameritrade is no longer a member of the National Futures Association ("NFA").

Courier Capital, LLC encourages each client to read this Brochure carefully and to call us with any questions you might have. Our previous Brochure is dated July 16, 2018.

Pursuant to SEC regulations, Courier Capital, LLC will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of Courier Capital, LLC's fiscal year end, along with an offer to provide the Brochure. For more information about the firm, please contact

us at (716) 883-9595. Additionally, as Courier Capital, LLC experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover.

Additional information about Courier Capital, LLC and its investment adviser representatives are also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 Advisory Business**

### **Description of Firm**

Courier Capital, LLC, a New York State limited liability company, is an SEC registered investment adviser with its principal office located in Buffalo, New York. Our firm is the successor to Courier Capital Corporation, an investment management firm originally founded in 1967. We have been providing investment advisory services as Courier Capital, LLC since 2016. We are wholly owned by Financial Institutions, Inc.

We typically offer our customized investment management services to individuals (including high net worth individuals and other clients), banking institutions, charitable endowments, and pension plans. As discussed more fully below, the services we offer include investment management and consultation, financial planning, portfolio management, pension consultation, and selection of other advisers. Some of the securities instruments we advise on include, among other things, mutual funds, exchange traded funds ("ETFs"), equities, bonds, commodities, and real estate.

Our fees, services and investment strategies are described in the paragraphs that follow. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to the individual needs of our clients. As used in this brochure, the words "we," "our," "firm," and "us" refer to Courier Capital, LLC, and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Our senior management team, Bill Gurney, Tom Hanlon, Jim Julian, Randy Ordines, and Steve Robshaw serve as the firm's portfolio managers, along with Steve Gattuso, Mike Brace and Jason Stronz. These individuals also sit on our "Investment Committee," which meets at least quarterly to discuss the firm's ongoing investment management processes and operations.

### **Types of Advisory Services Offered**

We offer four types of advisory services: (1) Investment Management Services, (2) Retirement Planning Services, (3) Individual Financial Planning Services, and (4) Investment Consulting Services, each of which is more fully described below. Dependent on which financial adviser is appointed to separately manage a client's account, the management of a particular strategy selected for the account could vary for similarly situated clients who have similar goals yet varied prior experiences.

### **Investment Management Services**

We offer a tailored investment management solution that encompasses not only the traditional asset classes of fixed income, domestic equities and foreign securities, but can also include alternative asset classes. Through use of an asset allocation approach, the firm provides investment management services based on a thorough understanding of each client's independent and unique investment objectives.

The first stage of our Investment Management Services process typically involves the gathering of relevant information from the client and the completion of a Client Profile, investment policy statement

or other similar document (“Client Profile”). The Client Profile sets forth the client’s investment objectives, risk tolerance, investment guidelines, time horizons and other important and necessary information relating to the client. Based upon this information, we will select an appropriate model (*i.e.*, either conservative, moderate conservative, moderate, moderately aggressive or aggressive) for on-going management. For some long-term and/or high net worth clients, we perform a traditional style of separately managed account (“SMA”) portfolio management. Depending upon the strategy selected by the adviser, the firm invests client assets in various allocations and types of securities, including but not limited to: mutual funds, ETFs, stocks, bonds, commodities and/or real estate investment trusts (“REITs”). Please refer to *Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss* of this firm brochure for more information regarding our investment strategies and their associated risks. In addition, where appropriate, we use certain third-party managers (“TPMs”) to effect various strategies on behalf of a client’s account.

We typically manage all client assets on a fully discretionary basis, but for some clients, we provide non-discretionary management upon request and at our sole discretion. In exercising full discretionary authority, we select, without first obtaining client’s permission, (1) the securities to be bought and sold; (2) the amounts of securities to be transacted and whether it will be individually or block traded; (3) the broker-dealer through which transactions will be executed; and where applicable, (4) the TPM to be used to manage a portion of the client’s portfolio. Our discretionary authority can be subject to conditions imposed by a client. This occurs when a client restricts or prohibits transactions in a security for a specific company or for an industry sector, or requests that the firm place trades with a specific broker-dealer (*i.e.*, “directed brokerage”). If one or more restricted categories are designated by a client, the firm is authorized to determine in its discretion the specific securities that will be treated as falling within any such categories.

Clients can also elect for the firm to utilize an InvestView investment approach. For our InvestView services, we will employ a defined process for each step in the investment management cycle including goal setting and risk/return profiling, asset allocation modeling, investment selection (utilizing TPMs, funds and securities) and implementation, and ongoing monitoring and reporting. This approach helps to provide a robust engineered process to provide long-term investment solutions. Clients electing to receive our InvestView services will also be issued an InvestView Report that will assist the client in tracking the achievement of their financial goals and objectives.

For those portfolios utilizing TPMs, we have instituted a disciplined process for selecting what we believe to be are best-in-class asset managers. The universe of TPMs are screened and reviewed for style consistency, historical performance, down-side risk, and information ratio. Through fundamental analysis, we review the performance and risk attribution of each manager. Using qualitative analysis, we then conduct due diligence through meetings, discussions and Investment Committee vetting, which occurs no less than quarterly. At the conclusion of this process, the TPM is selected and considered as an option within our Investment Management Services.

Those TPMs selected by the firm typically are diversified among multiple strategies, asset classes, regions, industry sectors and securities. Once the TPM commences services, we continue to monitor the designated manager(s) to ensure that they adhere to the philosophy and investment style for which they were selected. Our ongoing review includes, but is not limited to, assessment of the TPM’s

disclosure brochure, performance information, on-site visits, materials (including questionnaire responses) supplied by the TPM, evaluation of the manager's investment strategies, personnel turnover, regulatory events, ownership changes and corporate earnings reports.

The mutual funds and ETFs utilized within our model portfolios go through a very similar selection, monitoring and evaluation process. Each mutual fund or ETF selected is based on an extensive analysis by our Investment Committee, and once implemented, is monitored to ensure it continues to meet its objective.

Notably, some of these mutual funds or ETFs employ alternative or riskier strategies, such as the use of leverage or hedging. Leverage is the use of debt to finance an activity. For example, leverage is used when one uses margin to buy a security. Hedging on the other hand, occurs when an investment is made in order to reduce the risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return, it also increases the amount of risk inherent in an investment. Other mutual funds employ other alternative techniques which carry inherent higher degrees of risks. Please carefully review the models' underlying funds as well as other risk considerations as more fully described in Item 8.

For those clients who utilize SMA portfolio management services, we provide individual stock and bond selections to meet the detailed investment objectives set forth by these clients. Throughout the process, we perform security selection based upon research of the underlying companies, communications with research analysts, real-time market data, ongoing analytics and earnings reviews, and in-depth analysis of company fundamentals. Once that evaluation is complete, the security could be added to the client's portfolio and continuously monitored for imbalances or shifts.

As noted above, clients generally are allowed to impose reasonable restrictions on the types of securities and/or industries to be included in their portfolio. Once this information is gathered, each client is responsible for informing us in writing of any changes to these restrictions or to their overall investment objectives. We do not assume any responsibility for the accuracy of the information provided directly by the client.

## **Retirement Plan Services**

Through decades of experience, resources, and technology, our firm provides non-discretionary advisory services to companies who are starting-up and/or managing existing retirement plans ("Retirement Plan Services"). Such services are tailored to the client's specific needs and include recommending investment options for plans to offer to participants, quarterly reviews of plan's investment options, assisting plan fiduciaries in creating and/or updating the plan's written investment policy statements, providing general investment educational seminars to plan participants and working with plan service providers.

Uniquely, our firm does not manage proprietary mutual funds nor receive compensation in connection with recommending certain fund companies. We strive to provide diversified investment selections strictly through our analysis of the marketplace and the objectives of the client relating to its retirement plan. Through the firm's use of preferred partners, we are able to deliver fully bundled retirement plan

solutions, or alternatively, can work with a company's existing plan service provider to deliver customized solutions.

### **Financial Planning Services**

In certain limited circumstances, we provide financial planning to advisory clients who request such services. Generally, such services are provided for no additional fee and include, without limitation, providing advice regarding asset allocation; risk management; portfolio analysis; and evaluation and review of investment accounts. To begin the process, we generally collect, organize and assess various client data including information concerning the client's lifestyle, risk tolerance, and cash flow, as well as identification of the client's financial concerns, goals, and objectives. The primary objective of this process is to allow us to assist the client in developing a strategy for the successful management of income, assets, and liabilities in order to meet the client's individual financial goals and objectives. We reserve the right to charge a non-advisory client an hourly rate or flat fee depending on the scope of the engagement.

Clients receiving financial planning services will receive our recommendations about various alternatives and have the option of utilizing our firm to implement these recommendations. Clients are advised that a potential conflict of interest exists where we recommend our own Investment Management Services for which we will receive an investment advisory fee; see Item 5 for additional information. There can be no assurance that any products or services recommended by our firm are at the lowest available cost. Clients are free at all times to accept or reject any of our recommendations provided under a financial plan. Moreover, if a client decides to implement any recommendations, the client can, but is under no obligation to, utilize our firm to implement those recommendations.

### **Investment Consulting Services**

Many of our corporate and foundation clients desire that we monitor and analyze the quality of those multiple investment managers utilized within their portfolios. Our Investment Consulting Services are designed to provide clients with various asset allocations based on unique goals, risk tolerances and client objectives. The firm has invested in the technology necessary to deliver comprehensive consultation reports that examine the universe of mutual funds, as well as independent investment management firms that provide for ongoing analysis, reporting and monitoring as requested. When our corporate clients engage us for Investment Management Services, Investment Consulting Services can be provided as a complementary service dependent upon the type of account, client objectives and asset size. Please see a full description of our Investment Management Services above.

For those corporate clients who desire Investment Consulting Services exclusively, we offer customized services tailored to each client's needs. Our Investment Consulting Services typically involve the collection, organization, and assessment of all relevant documents and information concerning the corporate client's long-term goals and objectives, risk tolerance, cash needs and other factors, as determined by client needs. This allows us to develop a strategy for the successful management of income and assets in order to best meet the client's overall financial goals.

It is likely that through the Investment Consulting Services process, we will advise corporate clients to engage us for Investment Management Services. Clients are advised that a potential conflict of interest



exists where we recommend our own Investment Management Services for which we will receive an investment advisory fee; please see *Item 5 - Fees and Compensation* for additional information. There can be no assurance that any products or services recommended by our firm are at the lowest available cost. There can be no assurance that our Investment Consulting Services or any product recommendations are at the lowest available cost. Clients are free at all times to accept or reject any of our recommendations provided as part of our Investment Consulting Services. Moreover, if a client decides to implement any recommendations, the client can, but is under no obligation to, utilize our firm to implement those recommendations.

Those clients who wish to engage us for implementation of any recommendations made under this service are required to execute an addendum to their existing written advisory agreement with our firm. Under these circumstances, the fees charged for Investment Consulting Services can, at our discretion, be applied towards our future fees for Investment Management Services or be otherwise offset.

### **Wrap-Fee Programs**

Courier serves as portfolio manager for wrap fee programs. Courier selects the investments and sector weights that are offered in these Wrap Programs. The appropriate portfolio allocations utilized in the Wrap Program are determined through a consultation between the program participant and their Investment Advisor.

### **General Information About Our Advisory Services**

#### **Gathering Individual Client Information**

As explained above, Investment Management Services and InvestView Services provided by our firm are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, we typically will memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in the Client Profile. This information, together with any other information relating to the client's overall financial circumstances, will be used by the firm to determine the most appropriate asset allocation and investment strategy designed to best meet the client's financial goals. There can be times when certain restrictions are placed by a client which prevent us from accepting or continuing to service the client's account. We reserve the right to not accept and/or terminate a client's account if we determine in good faith that the client-imposed restrictions would limit or prevent it from meeting and/or maintaining its objectives.

We do not assume any responsibility for the accuracy of any information provided by the client. We are further not obligated to verify any information received from you or from your authorized professionals (e.g., attorneys, accountants, etc.) and we are expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying us in writing of any material changes to their financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies our firm of changes in the client's financial circumstances, we will review such changes promptly and could recommend revisions to the client's portfolio.

## Advisory Agreements

Prior to engaging us to provide any of the investment advisory services described in this firm brochure, you will be required to enter into one or more written agreements with us setting forth the fees to be charged and the terms and conditions under which we will render investment advisory services to you. Free of charge, we will provide you with a copy of our firm brochure and one or more brochure supplements prior to or contemporaneously with the execution of the foregoing written advisory agreement. The advisory relationship will continue until terminated by the client or our firm in accordance with the provisions stated within the written agreement.

## Assets Under Management

As of December 31, 2018, we provide continuous management services for \$1,330,303,804 in client assets on a discretionary basis, and \$300,248,934 in client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### Advisory Fees

As noted above, the client will be required to enter into a written agreement with our firm setting forth the terms and conditions of the engagement, including the fees to be paid to us, in exchange for which we shall render investment advisory services. Such fees are subject to negotiation under certain circumstances and at the sole discretion of our firm.

For Investment Management Services and InvestView Services, our fees are based upon a percentage of assets under management, which typically range from 0% - 1.25% annually. The actual amount of the fee is based upon, among other things, the amount and types of assets managed, the number of client accounts, the long-term relationship with the firm and the client's advisory service selected (*i.e.*, model portfolio versus separately managed account management). The following standard Annual Fee Schedule will generally apply:

#### Annual Fee Schedule\*

Advisory Fee (%)	Assets Under Management
1.00	on the first \$500,000
0.85	on the next \$500,000
0.65	on the next \$1,000,000
0.45	on the remaining balance

\*Based on various circumstances, the fees charged for certain clients vary

For Investment Management and InvestView Services provided by our firm, client fees are billed in arrears and paid quarterly at the rate of 25% of the annual fee based on the fair market value of the client's portfolio(s) as of the last day of the calendar quarter. At each quarter-end, the client's custodian will provide a quarterly custodial statement reflecting the portfolio's performance and our investment management fee, which will be automatically debited from the client's account by our firm, unless otherwise noted in the client's advisory agreement.

For the first billing cycle, our Investment Management and Invest View Services fees will be pro-rated based on the number of days that the client's account is open during the initial quarter of services. Likewise, in the event that our services are terminated mid-quarter, our Investment Management and Invest View Services shall be pro-rated through the date of termination and any earned, unpaid balance will be immediately due and payable by the client.

For clients that desire *only* Financial Consulting Services, we charge either hourly or fixed fees, which will vary based on the required services. For example, for Financial Consulting Services, our fees generally range from \$0 to \$350/hour. For these services, we will provide the client with an invoice reflecting the amount due and the payable date at the end of each calendar quarter.

For Retirement Plan Services, our fees are generally based on the following fee schedule:

Retirement Plan Fee Schedule\*

<b>Advisory Fee (%)</b>	<b>Assets Under Management</b>
0.50	on the first \$2,000,000
0.35	on the next \$3,000,000
0.15	on the remaining balance
*Based on various circumstances, the fees charged for certain clients vary.	

It should be noted that our annual asset based advisory fees will be applied to your account on a "blended" or a "straight-line" basis. The particular manner in which our advisory fee schedules will be applied to your account(s) shall be set forth in our written agreement for services. The below is intended as an illustration of how our blended and straight-line billing procedures would apply to a hypothetical Investment Management Services account containing a balance of \$750,000:

- *Blended Fee Basis:* the client would pay annual advisory fees equal 0.95% on the first \$500,000 of the client's account balance and 0.85% on the remaining \$250,000 balance in the client's account.
- *Straight-line Fee Basis:* the client would pay annual advisory fees equal to 0.85% on the entirety of the client's \$750,000 account balance annually.

Our advisory fees are negotiable and can be waived or varied for certain clients in our sole discretion. Lower fees for comparable services could be available from other sources.

In the event fees are billed in advance and the client relationship is terminated prior to the end of a billing period, the unearned portion of the fee, calculated by means of a daily rate, is returned to the client.

### **Other Fees and Expenses**

Clients should understand that the fees described above are exclusive to our firm and do not include

certain charges imposed by third parties such as custodial fees, execution costs, mutual fund/ETF fees and expenses, and management fees charged by TPMs. Client assets also are subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For mutual funds and ETFs, clients are typically charged internal management fees, distribution fees and other expenses as set forth in the funds' prospectuses. We will not receive any portion of these other fees and expenses.

Clients should understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account are generally paid out of the assets in the account and are in addition to the advisory fees charged by our firm. Please refer to *Item 12 - Brokerage Practices* of this firm brochure for additional important information about our brokerage and transactional practices, including considerations for selecting broker-dealers for client transactions.

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

We do not accept 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. Our fees are calculated as described in *Item 5 - Fees and Compensation* and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

Our firm typically provides advisory services to individuals (including high net worth individuals and other clients), as well as to banking or thrift institutions, pension and profit-sharing plans, charitable organizations, and corporations or other business entities. If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), we hereby acknowledge that we are a fiduciary to the plan under Section 3(38) of ERISA.

While we do not impose a minimum portfolio size or investment size to open an account, we reserve the right in our sole discretion to accept or decline a potential client for any reason.

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

### **Methods of Analysis and Investment Strategies**

As mentioned above in *Item 4 - Advisory Business*, we utilize various methods of analysis in formulating our investment advice to clients. Our firm employs a defined process for each step in the investment management cycle. This process includes ongoing selection, implementation, and monitoring.

We carefully select client investments by beginning with a performance evaluation and screen of the broadest possible universe of assets and fund managers (collectively, "Managers"). Managers that qualify from a performance standpoint are then examined to determine their process for security selection, portfolio construction and sell decisions. Once that evaluation is complete, a qualitative examination of the management firm is conducted. During this phase, we gain insight through reviewing reports from external industry data providers, including market news reports, financial publications, corporate rating services, outside research reports, annual reports, prospectuses, SEC filings and company press releases. Utilizing this broad information gathering process, our firm attempts to determine which Managers and investments appear to be suitable and in line with the investment objectives of each client, and typically selects Managers based on investment approaches that are diversified among multiple strategies, asset classes, regions, industry sectors and holdings. This same approach is also applied in our selection of individual securities for client accounts.

Investing in securities involves risk of loss that clients should be prepared to bear. The investment strategies we pursue on behalf of our clients can include long- and short-term purchases, dependent upon the client's investment objectives and current needs. We will recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. For example, we can recommend specific stocks, bonds or funds to increase sector weighting and/or dividend potential or recommend employing cash positions as a possible hedge against market movement which could adversely affect the portfolio. Additionally, dependent upon the needs and objectives of the client, we will recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

## **Material Risks**

Investing in securities involves a significant risk of loss. Our investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions could be unprofitable. Clients should be aware that there could be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that the client's investment objectives will be met and no inference to the contrary should be made. Prior to entering into an agreement with us, you should carefully consider: (1) committing to management only those assets that you believe will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in the stock market can occur, and (3) that over time your assets could fluctuate in value and at any time could be worth more or less than the amount invested.

In addition to those risks outlined in Item 4 of this firm brochure, some of the risks associated with investing in securities and funds recommended by us of which you should be aware include, but are not limited, to the following:

- **Allocation Risk:** the risk that a portfolio could lose money as a result of less than optimal or poor asset allocation decisions as to how its assets are allocated or reallocated.
- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For

example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Credit Risk:** The risk that a portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.
- **High Yield Risk:** High yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit and liquidity risks.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Political and Legislative Risk:** Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the U.S. or those companies who conduct a substantial amount of their business outside of the U.S.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others unsystemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and

bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- **Derivatives Risk:** This is the risk of investing in derivative instruments, including liquidity, interest rates, market, credit and management risks, mispricing or improper valuations. Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index and the investment could lose more than the principal amount invested.
- **Foreign Investment Risk:** Investments in foreign securities may be riskier than U.S. investments because of factors such as, unstable international, political and economic conditions, currency fluctuations, foreign controls on investment and currency exchange, foreign governmental control of some issuers, potential confiscatory taxation or nationalization of companies by foreign governments, withholding taxes, a lack of adequate company information, less liquid and more volatile exchanges and/or markets, ineffective or detrimental government regulation, varying accounting standards, political or economic factors that may severely limit business activities, and legal systems or market practices that may permit inequitable treatment of minority and/or non-domestic investors.

It is important to note that while we typically invest for the long-term and do not engage in high frequency trading, certain TPMs we select employ such strategies. As a result, such frequent trading will typically result in increased brokerage and other transaction costs, which generally could reduce investment returns over time.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

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

### **Other Financial Industry Activities**

Neither our firm nor any persons associated with our firm are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither our firm nor any persons associated with our firm are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Certain members of our senior management team have outside financial industry activities which we believe are material to our clients. These outside financial industry activities are described below.

In addition to his activities at Courier, Mr. Ordines has limited involvement with the Lenna Foundation a non-profit organization located in Jamestown, New York. Mr. Ordines serves as the treasurer and a director of this foundation, which makes interest free grants, gifts and loans to charitable organizations, institutions and foundations in the United States. On a pro bono basis, Courier Capital manages one or more accounts for the Lenna Foundation. Moreover, Mr. Ordines does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products. None of these positions represent a substantial source (i.e., more than 10%) of Mr. Ordines' time or income.

In addition to his activities with our firm, Mr. Gurney has limited involvement in various outside business activities. Mr. Gurney has partial ownership interests in three real estate partnerships, one of which he serves as the managing member. For each of these partnerships, Mr. Gurney does not devote a substantial amount (i.e., more than 10%) of his time in any of the day-to-day operations. Mr. Gurney's spouse is a passive, minority owner of approximately two dozen businesses in the healthcare and real estate industries. This could represent a potential conflict of interest insofar as our clientele invest in one of these companies, which would mean that Mr. Gurney is receiving an indirect benefit from such investment.

In addition to his activities at Courier, Mr. Hanlon serves on the Board of Bristol Home and Bristol Village, senior care facilities located in the Buffalo, N.Y. area. This is an unpaid position. Mr. Hanlon does not devote a substantial amount (i.e., more than 10%) of his time in any of the day-to-day operations. As Bristol Homes and Bristol Village are clients of Courier, this could represent a potential conflict of interest insofar as Mr. Hanlon is serving in both a fiduciary capacity as a senior manager of Courier and as a board member of the client.

Mr., Robshaw, in addition to his activities at Courier, serves on the investment committees of both the UB Foundation, an organization that supports the University at Buffalo to attract top students & faculty, conduct research, & remain a premier public research university, and Sisters of St. Francis. The Sisters of St. Francis works to provide assistance in many areas including education and religious education; health care; care of the elderly, dying and homeless; pastoral care; social services; justice education; immigration; the environment and others as needs arise. These are unpaid positions. Mr. Robshaw does not devote a substantial amount (i.e., more than 10%) of his time in any of the day-to-day operations.

### **Relationship with TD Ameritrade**

Courier participates in the TD Ameritrade Institutional Program and recommends TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we provide to clients, although we do receive economic benefits through our participation in the program. These benefits include, among other things, the following products and services which we receive 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 service adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client); 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



transactions fees and to certain institutional money managers; and discounts on marketing, technology and practice management products or services provided to us by third-party vendors. TD Ameritrade can also pay for business consulting and professional services received by our firm or its employees. Some of the products and services made available by TD Ameritrade through the program could benefit our firm but not benefit our client accounts. These products or services can assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm and/or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of clients first. Clients should be aware, however, that the receipt of economic benefits by our firm in and of itself creates a potential conflict of interest and influences our choice of TD Ameritrade for custody and brokerage services. Please refer to *Item 12 - Brokerage Practices* for additional information.

### **Relationship with Five Star Bank and its Affiliates**

We are affiliated with Five Star Bank ("FSB") and its Five Star Investment Services ("FSIS") investment management division through common control and ownership exercised by Financial Institutions, Inc. FSB offers traditional retail and business banking services including checking and savings accounts, lines of credit, home mortgages, personal loans, vehicle loans, business loans, credit and debit cards, certificates of deposit, individual retirement accounts and other personal and business banking services. FSIS offers financial planning, retirement planning, college savings planning, and money management services to individuals and businesses in the State of New York. FSIS's investment and securities advisory services are offered through LPL Financial, member FINRA/SIPC. At times, we will recommend that you use the personal and business banking services or products offered by FSB, and/or advisory services offered via FSIS, if appropriate and suitable for your needs. Alternatively, FSB and FSIS will recommend our advisory services to their banking and advisory services clients, as appropriate. Our advisory fees are separate and distinct from the compensation paid to FSB or FSIS for their banking and advisory services.

We are further affiliated with SDN Insurance Agency, LLC (formerly Scott Danahy Naylor, LLC) ("SDN") through common control and ownership exercised by Financial Institutions, Inc. SDN is an insurance agency offering insurance services and policies for property and casualty insurance, life insurance, and health insurance on behalf of various insurance carriers. At times, we will recommend that you use the insurance related services offered by SDN where the same could be appropriate and suitable for your needs. Alternatively, SDN will recommend our advisory services to their insurance services clients, as appropriate. Our advisory fees are separate and distinct from the compensation paid to SDN for their insurance related services.

We are further affiliated with HNP Capital, LLC ("HNP") through common control and ownership exercised by Financial Institutions, Inc. HNP is an SEC registered investment adviser offering asset management services and general investment advice to clients that use the firm's financial planning and consulting services. We neither refer our clients nor use the advisory services offered via HNP. Alternatively, HNP neither refers nor uses our advisory services for their advisory services clients. HNP's advisory services are separate and distinct from our advisory services. Additionally, our advisory fees are separate and distinct from the compensation paid to HNP for their advisory

services.

Referral arrangements with any affiliated entities present a conflict of interest for us because we (or our affiliate(s)) have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation and fees charged by the above affiliates to be competitive, such compensation and fees could be higher than that charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and can obtain comparable services and/or lower fees through other firms. Likewise, if you are referred to our firm by any of our affiliates, including, without limitation, FSB, FSIS, SDN, or HNP you are under no obligation to engage us for services and could obtain comparable services and/or lower fees through other firms.

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

### **Code of Ethics Summary**

The Investment Advisers Act of 1940 imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. Our clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all firm employees to act with integrity in all of our dealings.

Because our investment professionals and associated persons will at times transact in the same securities for their personal accounts as they buy or sell for client accounts, it is important to mitigate this potential conflict of interest. To that end, we have adopted personal securities transaction policies in the form of a Code of Ethics ("Code"), which all of our associated persons must follow. This Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. We will provide a copy of the Code to any client upon written request.

We obtain information from a wide variety of publicly available resources. Our personnel do not have, nor claim to have, insider or private knowledge.

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

Because the Code would permit associated persons of our firm to invest in the same securities as clients, there is a remote possibility that an associated person could benefit from market activity by a client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between our firm, its personnel, and our clients.

We do not affect any principal or agency cross securities transactions for client accounts, nor do we affect cross-trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated

broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Should we ever decide to affect cross-trades between client accounts, any such transactions will comply with the provisions of Rule 206(3) of the Advisers Act.

## **Item 12 Brokerage Practices**

There are several factors we consider when selecting or recommending broker-dealers (including those broker-dealer custodians) for client transactions. Amongst these factors are their qualitative services and reasonableness of compensation as described below.

Except in limited situations as noted in the client's advisory agreement and determined at the commencement of a client relationship, our firm will have full discretion to determine which broker-dealer should be used to effect transactions for client accounts. When we place orders for execution in client accounts, transactions are allocated to broker-dealers for execution in various markets at prices and commission rates that, based upon our good faith judgment, we believe will be qualitatively in the best interest of the client. While our firm typically uses TD Ameritrade as its preferred broker-dealer custodian, other brokers-dealer custodians used by us for transactions in client accounts can include Charles Schwab, Fidelity, HSBC, Prudential, M&T Bank, and J.P. Morgan. The factors described below contribute to our determination of which broker-custodian is actually selected for particular transactions.

### **Selection Criteria**

When performing Investment Management Services, we generally recommend and affect all transactions for client accounts through TD Ameritrade Fidelity Brokerage Services, LLC ("Fidelity") or Charles Schwab & Co., Inc. ("Schwab"). We typically do not allow client directed brokerage; however, we have legacy clients who continue to use broker-dealer custodians other than TD Ameritrade, Fidelity, or Schwab due to longstanding relationships. We periodically evaluate the commissions charged and the service provided by the custodian and compare those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians. Other factors we consider when evaluating the choice of custodian include:

- Ability to trade mutual funds and other investments that we determine to be suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Quality of customer service and interaction with our firm;
- Discount transaction rates; and
- Reliability and financial stability.

For those clients who are permitted to direct brokerage and select broker-dealers not recommended by us, these clients should be aware that we could be unable to negotiate specific brokerage commission rates with the broker on the client's behalf or seek better execution services or prices from other broker-dealers. As a result, the client could pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and we will have limited

ability to ensure that the broker-dealer selected by the client will provide best possible execution.

Please refer to *Item 10 - Other Financial Industry Activities and Affiliations* and the discussion below in this *Item 12* for more information on our relationship with and benefits received from TD Ameritrade.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products are in addition to any benefits or research we pay for with soft dollars, and often include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions could be greater than the amounts another broker who did not provide research services or products might charge.

### **TD Ameritrade Institutional Program**

Courier participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Courier receives some benefits from TD Ameritrade through its participation in the program.

Courier receives from TD Ameritrade certain additional economic benefits ("Additional Services") that are or are not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include Orion Advisors and Morningstar, Inc. TD Ameritrade provides the Additional Services to Courier in its sole discretion and at its own expense, and Courier does not pay any fees to TD Ameritrade for the Additional Services. Courier and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. Courier's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Courier, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Courier's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Courier, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Courier has an incentive to recommend to its clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Courier's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

As stated above, Courier considers a number of factors in selecting brokers and custodians at which to

locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TD Ameritrade as the broker and custodian for certain of its current and future client accounts, Courier takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal." The standard iRebal annual license fee applicable to Courier is \$80,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$80,000 per year for each of as many as five years or more. The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs). If Courier does not maintain the relevant level of taxable assets on the TD Ameritrade platform, the Firm could be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although Courier believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service impacts Courier's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

### **Fidelity Brokerage Services, LLC**

The Firm has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Adviser with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like the Firm in conducting business and in serving the best interests of their clients but that benefit the Firm. Adviser is not affiliated with Fidelity. Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Adviser to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to Adviser, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Adviser (within specified parameters). These research and brokerage services are used by Adviser to manage accounts for which the Firm has investment discretion. Adviser also receives additional services, which include services that do not directly benefit clients. As a result of receiving these services for no additional cost, Adviser has an incentive to continue to use or expand the use of Fidelity's services, which creates a conflict of interest.

### **Your Custody and Brokerage Costs with Schwab**

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody

services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain a certain amount of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In addition to commissions Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

## **Products and Services Available to Us from Schwab**

Schwab Advisor Services™ (formerly Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide our clients and us with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Here is a more detailed description of Schwab's support services:

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

*Services That May Not Directly Benefit You.* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

*Services That Generally Benefit Only Us.* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- 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 us. 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 us with other benefits such as occasional business entertainment of our personnel.

### **Best Execution and Soft Dollar Benefits**

As stated above, our firm typically has full discretion to place buy and sell orders with or through such brokers or dealers as it deems appropriate. It is the policy and practice of our firm to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In order to achieve best execution, we will use our best judgment to choose the broker-dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution.

When we believe that more than one broker can offer the brokerage and execution services needed to obtain the best available price and most favorable execution, consideration can be given to selecting those brokers which also supply research services of assistance to us in fulfilling our investment advisory responsibilities. Such services could include research reports, services and seminars, computer software and related hardware for services. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." Some of these services are provided to our firm as part of a "bundled package" from the broker-dealer. However, our clients could pay higher commission rates than those normally obtained from other brokers. Moreover, some of the services could benefit a specific segment of our clients to the exclusion of others. We do not attempt to match a particular client's trade executions with broker-dealers who have provided research services which have directly benefited that client's portfolio. Rather, research services received by our firm are used for the ultimate benefit of all clients. This also benefits our firm since we do not have to produce or pay for the research, products or services provided by the broker-dealer. Consequently, we have an incentive to select or recommend a broker-dealer based on these benefits rather than in the clients' interest in receiving most favorable execution. While clients could in certain circumstances direct us to use a specific custodian, our selection of the custodian could keep costs down. Due to Courier's relationship with TD Ameritrade, TD Ameritrade has agreed to pay for certain expenses on behalf of Courier. Such benefits include servicing fees, taxes and ancillary fees associated with these products, which could or could not benefit, directly or indirectly, any Courier client, and will not increase any costs to Courier's TD Ameritrade clients. For more information, contact TD Ameritrade at (800) 783-1086. Importantly, Courier's receipt of such benefits could or could not be offered to other independent advisers that participate in the program. Courier is still obligated to review best execution and act in the best interest of its clients regardless of this relationship.

TD Ameritrade provides support to Courier for the following research and client services:

- iRebal
- Morningstar
- Orion Advisors
- Telemet Orion

Other broker-custodians, such as Charles Schwab, HSBC, Morgan Stanley, Prudential, M&T Bank and Fidelity could offer similar benefits to Courier.

We have a potential conflict of interest in recommending that our clients have their assets held in custody with these custodians, due to the incentive and receipt of the foregoing soft dollar benefits. The broker-dealers we recommend consider the amount and profitability to the custodian of the assets in, and trades placed for, our client accounts when determining whether to continue providing these soft dollar benefits to our firm. In furtherance of the best of interest of clients, we will periodically review the broker-dealer firms used to execute client transactions, taking into account the above qualitative considerations, among others, such as reliability, accuracy, competency of bundling trades, timing of execution, and other factors.

### **Trade Aggregation and Allocation**

Generally, our firm effects transactions for each client account independently. However, when able to, we (and/or the selected TPMs) often will aggregate trades of accounts. Trade aggregation, so-called "bunching of orders" or "block trading" could or could not result in better realized prices. Because of our style of model portfolio management utilizing mutual funds and ETFs, or alternatively, separately managed account management, which consists of individual, customized portfolio management, it could be unable to bunch orders. Alternatively, even when possible, we could be unable to execute all shares of an aggregated trade because of prevailing market conditions, in which case we will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. Ordinarily, the executing broker-dealer will provide an average price, and where possible, average transaction costs that will be allocated to all accounts participating in the aggregated trade. In certain cases, we (and/or the TPMs) could be unable to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions. Typically, we could be unable to effectively "bunch" orders for clients requesting directed brokerage, which could impact the possible advantage clients derive from the aggregation of orders.

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

Our investment professionals periodically review their designated client accounts on a regular basis and no less than quarterly. Each investment professional averages less than 100 relationships under management. Client accounts are reviewed for suitability in light of each client's investment objectives, risk tolerance and financial goals, in conjunction with the framework of the portfolio models established by the Investment Committee and in accordance with separately managed account protocols as further described in *Item 4 - Advisory Business*.

Our Investment Committee is responsible for the general oversight of all supervised persons. The Investment Committee meets no less than quarterly and is comprised of Mike Brace, Steve Gattuso, William Gurney, Thomas Hanlon, James Julian, Randy Ordines, Steven Robshaw and Jason Stronz. At each of these meetings, the Investment Committee discusses portfolio management, fundamentals, model portfolio constituents, asset allocation, and areas of potential concern. On a periodic basis, we will at times provide our high net worth clients with reports detailing performance, portfolio characteristics, transaction history and attributes regarding their accounts. These reports are generally issued on a quarterly basis and are provided in writing or telephonically.



We review client accounts more frequently in light of changes to the tactical allocation targets and specific investments approved by the Investment Committee. In addition, possible changes in clients' goals and objectives, risk aversion, time horizon, or changes in the investment environment or tax laws, that could warrant portfolio reviews and adjustments are discussed with clients as needed. Furthermore, clients are urged to contact us soon after any change in circumstances that impacts their risk tolerance, time horizon, investment objectives, tax status or other information that the firm could have relied upon when rendering its investment advisory services. Our investment professionals periodically review their designated client accounts on a regular basis and no less than quarterly. Each investment professional averages less than 100 relationships under management. Client accounts are reviewed for suitability in light of each client's investment objectives, risk tolerance and financial goals, in conjunction with the framework of the portfolio models established by the Investment Committee and in accordance with separately managed account protocols as further described in *Item 4 - Advisory Business*.

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

Our firm is provided with an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. We enter into these "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist us in our investment decision-making processes. The receipt of such services serves as an economic benefit to our firm, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution. Please refer to *Item 10 - Other Financial Industry Activities and Affiliations* and *Item 12 - Brokerage Practices* of this firm brochure which more fully describe these benefits and how we address the resulting conflicts of interest.

### **Client Referrals Received from Five Star Bank and its Affiliates, FSIS and SDN**

Please refer to *Item 10 - Other Financial Industry Activities and Affiliations* of this firm brochure for important disclosures with respect to client referrals between and amongst our firm and our affiliates, FSB, FSIS, and SDN. We do not pay or receive any compensation of any kind with respect to these arrangements.

### **Recommendations of TPMs**

As described in more detail under *Items 4 and 10* above, at times we will recommend the services of certain TPMs as part of our overall asset allocation for certain client accounts. We have arrangements with certain TPMs whereby our firm receives a percentage of the fees charged by such TPMs. Please refer to *Items 4 and 10* above for additional information and conflicts associated with these relationships.

## **Item 15 Custody**

Pursuant to the Investment Advisers Act of 1940, Courier is deemed to have "constructive custody" of client funds because the Firm has the authority and ability to debit its fees directly from the accounts of

those clients receiving Courier's Investment Advisory Services. Additionally, certain clients have, and could in the future, sign a Standing Letter of Authorization (SLOA) that gives Courier the authority to transfer funds to a third-party as directed by the client in the SLOA. This is also deemed to give the Firm custody. Custody is defined as any legal or actual ability by the Firm to withdraw client funds or securities. Firms with deemed custody must take the following steps:

1. Ensure clients' managed assets are maintained by a qualified custodian;
2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
3. Confirm that account statements from the custodian contain all transactions that took place in the client's account during the period covered and reflect the deduction of advisory fees; and
4. Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts Courier from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

1. When debiting fees from client accounts, Courier must receive written authorization from clients permitting advisory fees to be deducted from the client's account.
2. In the case of SLOAs, Courier must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the Firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

If client funds or securities are inadvertently received by our firm, they will be returned to the sender immediately, or as soon as practical

The custodian maintains actual custody of your assets. Clients will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address the client provided to the custodian. Clients should carefully review those statements promptly when received. Please contact Courier with any questions.

Please refer to *Item 10 - Other Financial Industry Activities and Affiliations* and *Item 12 - Brokerage Practices* for additional important disclosure information relating to our practices and relationships with custodians.

## **Item 16 Investment Discretion**

### **Discretionary Authority; Limitations**

All Investment Management Services are performed on a discretionary basis, unless otherwise specifically agreed upon at the inception of the client relationship and memorialized in the client's advisory agreement. In exercising our discretionary authority, we will have the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is to be exercised in a

manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, our authority to trade securities could be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on this discretionary authority, including restrictions on our ability to invest the client's assets in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to our firm in writing.

### **Limited Power of Attorney**

Unless clients specifically request in writing that we manage all or part of their account on a non-discretionary basis, by signing our advisory agreement, clients authorize us to exercise full discretionary authority with respect to all Investment Management Services transactions involving the client's account. Pursuant to such agreement, we are designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes us to give instructions to third parties in furtherance of such authority.

## **Item 17 Voting Client Securities**

Our firm has established a Proxy Voting Policy. When we are responsible to vote proxies on securities held in a client's account, we have adopted policies and procedures in an effort to ensure that all votes are cast in the best interests of our clients and that the proper documentation is maintained relating to how the proxies were voted. These policies and procedures are summarized below.

We have adopted proxy voting guidelines to make every effort to ensure the manner in which shares are voted is in the best interest of clients and the value of the underlying investment. However, we reserve the right to delegate to a non-affiliated third-party vendor, the responsibility to review proxy proposals and make voting recommendations to us. In addition, we could, in some cases, vote a proxy contrary to our guidelines if we determine that such action is in the best interest of our clients.

In cases where sole proxy voting authority rests with our firm for plans governed by ERISA, we will vote proxies in accordance with our proxy voting guidelines unless otherwise outlined in the plan's governing documents and subject to the fiduciary responsibility standards of ERISA.

We vote proxies as they are received. If at any time, we become aware of any type of potential or actual conflict of interest relating to a proxy proposal, such conflict is promptly reported to our firm's Chief Compliance Officer, Karen Mohn. Conflicts will be handled in a number of ways depending on the type, materiality, and requirements of applicable laws, and will always be handled in the client(s) best interest.

There are certain situations or for certain accounts in which we will not vote proxies. For example, where a client has retained the right to vote the proxies or where a proxy is received for a client account that has been terminated.

A complete copy of our Proxy Voting Policies and Procedures is available upon request. Clients can obtain information on how their proxies were voted by contacting us at the telephone number disclosed on the cover page of this firm brochure.

## **Item 18 Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and we are therefore not required to provide and have not provided a balance sheet. We do not have any financial commitments that impair our ability to meet contractual and fiduciary obligations to clients. We have not been the subject of a bankruptcy proceeding.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We can share your information with our other Financial Institutions, Inc. affiliates, unless you specifically opt-out of this sharing. Our affiliates include companies with a Five Star or SDN or Courier name; financial companies such as Five Star Bank, Five Star Investment Services, and Scott Danahy Naylor, LLC.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy or if you wish to opt-out of information sharing with our affiliates, as listed in the preceding paragraph.

If you decide to close your account(s) we will adhere to our privacy policies, which could be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is

based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You cannot opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions could include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.