

## **LABRADORS ADVISORS, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Labradors Advisors, LLC (hereinafter “Labradors” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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 the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, Labradors is required to discuss any material changes that have been made to the brochure since the last annual amendment. There are no such material changes to disclose.

**Item 3. Table of Contents**

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

## Item 4. Advisory Business

Labradores offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Labradores rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Labradores setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Labradores filed for registration in September 2019 and is owned by CNSL Management Enterprises, LLC. As of the date of this filing, Labradores does not have any assets under management; however, the Firm reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser.

While this brochure generally describes the business of Labradores, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Labradores’s behalf and are subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

Labradores offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

In performing these services, Labradores is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Labradores recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Labradores or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Labradores under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial

situation or investment objectives for the purpose of reviewing, evaluating or revising Labradores's recommendations and/or services.

### **Wealth Management Services**

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Labradores provides clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

Labradores primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent investment managers ("Independent Managers") in accordance with their stated investment objectives. In addition, Labradores also recommends that certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds).

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage Labradores to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Labradores directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Labradores tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Labradores consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Labradores if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Labradores determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Use of Independent Managers**

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As mentioned above, Labradores selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Labradores evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Labradores also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Labradores continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Labradores seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## Item 5. Fees and Compensation

Labradores offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, offers securities brokerage services and/or insurance products under a separate commission-based arrangement.

### Investment Management Fees

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Labradores offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies between 50 and 150 basis points (0.50% – 1.50%), depending upon the size and composition of a client's portfolio and the type of services rendered. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Labradores on the last day of the previous billing period.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Labradores may negotiate a fee rate that differs from the range set forth above.

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**Financial Planning and Consulting Fees**

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For clients that have limited assets under management and for new clients with whom the Firm does not have a prior relationship, Labradores charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Labradores may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Labradores requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

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**Fee Discretion**

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Labradores may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

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**Additional Fees and Expenses**

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In addition to the advisory fees paid to Labradores, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

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**Direct Fee Debit**

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Clients provide Labradores and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified

custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Labradors.

### **Use of Margin**

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Labradors does not recommend that clients use margin in their investment portfolio. Should a client request margin for investments, the Firm will help with the borrowing process and manage the assets accordingly. In these cases the fee payable will be assessed gross of margin such that the market value of the client's account and corresponding fee payable by the client to Labradors will be increased.

In addition, Labradors may recommend margin or other borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

### **Account Additions and Withdrawals**

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

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

Labradors does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

Labradors offers services to individuals, trusts, estates, corporations and business entities.



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

### Methods of Analysis and Investment Strategies

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Labradors provides comprehensive financial planning, trust & estate planning assistance, investment management, and life insurance services.

As part of its financial planning process, the Firm creates a customized cash flow model for each client family. The Firm's trust & estate specialists also review each client's estate plan and coordinate with their estate planning attorney to ensure alignment with their current wishes and intentions. Labradors does not draft nor edit any legal documentation. During the initial financial planning stages and throughout its ongoing relationship with clients, the Firm may uncover a need for additional services outside of its suite of services and may recommend that clients consult a third-party specialist to address these areas. These may include, but are not limited to other professional services, risk management, lifestyle, security, and medical services.

The Firm's investment management services are predicated upon each client's unique risk tolerance, time horizon, and cash flow needs. Once an appropriate asset allocation is identified and agreed upon, the Firm will recommend solutions which may include, proprietary equity and fixed income strategies, third-party investment managers, individual securities, exchange-traded funds, open and closed-end actively managed funds, structured solutions, hedge funds, private equity and real estate funds, private placement equity and fixed income offerings.

Finally, the Firm provides clients with life insurance analysis services. If a need or shortfall in coverage is identified, the Firm may engage a general agent to underwrite a new policy or make adjustments to an existing policy.

### Risk of Loss

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Labradors's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of

stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Labradors will be able to predict these price movements accurately or capitalize on any such assumptions.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

#### *Equity-Related Securities and Instruments*

The Firm may take long in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, midcapitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Independent Managers*

As stated above, Labradors selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Labradors continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Labradors does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Use of Private Collective Investment Vehicles*

Labradors recommends that certain clients invest in privately placed collective investment vehicles (*e.g.*, hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Use of Margin*

While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial

Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

#### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

#### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

## **Item 9. Disciplinary Information**

Labradors has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Licensed Insurance Agents**

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A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Labradors recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

**Item 11. Code of Ethics**

Labradores has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Labradores’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Labradores’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Labradores to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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Labradores recommends that clients utilize the custody, brokerage and clearing services of National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, “Fidelity”) for investment management accounts. The final decision to custody assets with Fidelity is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Labradores is independently owned and operated and not affiliated with Fidelity. Fidelity provides Labradores with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Labradores considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Fidelity has also agreed to reimburse clients for exit fees associated with moving accounts to Fidelity. The reimbursement is only available up to a certain amount for all of the Firm’s clients over a twelve month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Labradores’s clients to Fidelity comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Labradores determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Labradores seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Labradores in its investment decision-making process. Such research will be used to service all of the Firm’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Labradores does not have to produce or pay for the products or services.

Labradors periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

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Labradors receives without cost from Fidelity administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow Labradors to better monitor client accounts maintained at Fidelity and otherwise conduct its business. Labradors receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Fidelity. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Labradors, but not its clients directly. Clients should be aware that Labradors's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, Labradors endeavors at all times to put the interests of its clients first and has determined that the recommendation of Fidelity is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Labradors receives the following benefits from Fidelity: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

Fidelity also makes available to the Firm, at no additional charge, certain research, marketing, technology, consulting and brokerage services, including services obtained by Fidelity directly from independent companies, as selected by Fidelity (within specified parameters). These services are used by the Firm to manage accounts for which it has investment discretion. Without this arrangement, the Firm might be compelled to purchase the same or similar services at its own expense.

#### **Brokerage for Client Referrals**

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Labradors does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

#### **Directed Brokerage**

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The client may direct Labradors in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account

with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Labradors (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Labradors may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client will be effected independently, unless Labradors decides to purchase or sell the same securities for several clients at approximately the same time. Labradors may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Labradors’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Labradors’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Labradors does not receive any additional compensation or remuneration as a result of the aggregation.

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



## Item 13. Review of Accounts

### Account Reviews

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Labradores monitors client portfolios on a continuous and ongoing basis. Such reviews are conducted by the Firm's Principals and/or investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Labradores and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Labradores and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Labradores or an outside service provider.

## Item 14. Client Referrals and Other Compensation

In the event a client is introduced to Labradores by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Labradores's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Labradores's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Labradores is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

**Item 15. Custody**

Labradores is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period. Also, the Firm expects to be deemed to have custody of certain advisory client accounts as a result of having authority to have third party standing money movement instructions on file with Fidelity. With respect to such instructions, Labradores will rely upon the relief set forth in the Securities and Exchange Commission's February 21, 2017 No-Action Letter regarding the Custody Rule.

In addition, as discussed in Item 13, Labradores will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Labradores.

**Item 16. Investment Discretion**

Labradores is given the authority to exercise discretion on behalf of clients. Labradores is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Labradores is given this authority through a power-of-attorney included in the agreement between Labradores and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Labradores takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

**Item 17. Voting Client Securities**

Labradores does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the

Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

Labradors is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.