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# HC FINANCIAL ADVISORS, INC.

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ITEM 1: COVER SHEET

## FORM ADV PART 2A\*

### SEC-Required Brochure

June 28, 2012

3685 Mt. Diablo Blvd., Suite 200 ☐ Lafayette, California 94549

Phone: (925) 299-1800 ☐ Fax: (925) 299-1812

E-mail: [info@hcfinancial.com](mailto:info@hcfinancial.com) ☐ [www.hcfinancial.com](http://www.hcfinancial.com)

\*This brochure provides information about the qualifications and business practices of HC Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact the Firm's Chief Compliance Officer, Karla J. McAvoy, at telephone (925) 299-1800. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority.

The oral and written statements of an advisor provide information upon which a prospective client may base a determination as to whether or not to hire the advisor. You are encouraged to review this Brochure and Brochure Supplements for the Firm's associates who advise you for more information on the qualifications of the Firm and its employees.

The use of the term "registered investment adviser" and description of HC Financial Advisors, Inc. and/or our associates as "registered" does not imply a certain level of skill or training.

Additional information about HC Financial Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

# HC Financial Advisors, Inc.

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## ITEM 2: MATERIAL CHANGES

Our last annual update was dated April 30, 2012.

The updated Form ADV Part 2A dated June 28, 2012, contains the following changes from the prior version:

- Routine revisions and updates to formatting.
- Non-material edits to the existing descriptions of prior disclosures.
- Inclusion of an Index of ERISA Related Disclosures following the Table of Contents.

# ITEM 3

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## Index of ERISA Related Disclosures

HC Financial Advisors, Inc. (sometimes “HC Financial,” “we,” “our,” “us,” the “Firm” or “Advisor”) may provide investment management services to retirement plans governed by the Employee Retirement Investment Security Act (“ERISA”). ERISA regulations require that specific disclosures be made to the ERISA plan fiduciary that is authorized to enter into, or extend or renew, an agreement with the Firm to provide these services. The following Index identifies the disclosures required and the location where plan representatives may find them. It is intended to assist ERISA Plan representatives with compliance with the service provider disclosure regulations under section 408(b)(2) of ERISA. Any questions concerning this guide or the information provided regarding our services or compensation should be addressed to our Chief Compliance Officer at the number noted on the cover page of this ADV Part 2A.

Required Disclosure	Location of the Required Disclosure
Description of the services that Advisor will provide to covered ERISA plans	Item 4 of this Form ADV Part 2A and the paragraphs 1 and 7 of client plan’s investment management agreement with the Firm.
Statements that the services that Advisor will provide to covered ERISA plans will be as an ERISA fiduciary and registered investment adviser	Item 4 of this Form ADV Part 2A.
Description of the direct compensation to be paid to Advisor	Item 5 of this Form ADV Part 2A and paragraph 2 of the client plan’s investment management agreement with the Firm.
Description of the indirect compensation Advisor might receive from third parties in connection with providing services to covered ERISA plans, if any	Items 12 and 14 of this Form ADV Part 2A
Description of the compensation to be shared between Advisor and any third party or any affiliated entity, if any	Item 14 of this Form ADV Part 2A.
Compensation that Advisor will receive upon termination of its agreement to provide investment management services, if any	Item 5 of this Form ADV Part 2A.

## ITEM 4: ADVISORY BUSINESS

### Who we are

HC Financial is a financial planning and investment advisory firm that offers services on a fee only basis. We are based in Lafayette, CA, and have been serving clients throughout the Bay Area and beyond for over twenty five years. Our principal officers are Margaret (“Peggy”) Cabaniss, President, Stephen Biggs, Karla McAvoy, and Andrew Byron

### Services we offer

HC Financial Advisors, Inc. is an investment advisory firm offering comprehensive financial management to individuals and their families.

#### Our services include:

- Preparation of a comprehensive financial plan that identifies the client’s objectives and provides analysis of their assets, cash flow, insurance, income taxes, retirement needs, and estate planning needs.
- Development and implementation of an investment plan that balances the client’s specific need for growth and income with their tolerance for risk and portfolio volatility.
- Continuous monitoring of investments, markets, and the client’s situation.
- Rebalancing of investments and help managing cash flows into or out of the client’s investment accounts.
- Regular meetings with the client to review their goals and objectives, financial plans, and investments.
- Coordination with other professionals, including the client’s estate planning attorney, accountant, and/or insurance agent to ensure that all of the client’s financial needs are met.
- Portfolio reporting, including quarterly investment appraisals, year-end portfolio performance analysis, and annual tax reports.

Clients can impose restrictions on investing in certain securities or types of securities. These restrictions should be noted by the client on the Investment Policy Statement and should be reviewed annually by the client to make sure they are still applicable.

To the extent any client is a retirement plan or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and depending upon the investment management services provided by us, the Firm may be considered a “fiduciary” under ERISA.

## Assets under management

As of March 1, 2012, we manage assets of \$191.2 million on a discretionary basis. We do not manage assets on a non-discretionary basis.

## ITEM 5: FEES AND COMPENSATION

### Investment Management Services

The annual fee for investment management is based on the assets we manage. The fee includes both ongoing investment management and financial planning.

The charge for investment management is approximately 1% for the first \$1,000,000 under management plus 0.75% for additional assets under management. The minimum fee for this service is \$10,000 (\$1,000,000 under management). Fees may be negotiated between HC Financial Advisors, Inc. and the client and must be agreed upon by both parties before billed.

Fees are negotiable at the sole discretion of HC Financial depending upon the facts and circumstances of the client and may be based on a variety of factors (concentrated holdings, size of account, length of time with HC Financial, etc.)

Our annual fee is calculated at the beginning of each year by applying the fee schedule to the prior year's ending values for the managed assets. This annual fee is then divided into four equal parts, which are billed at the end of each quarter.

Additional fees may apply to clients needing services beyond those described here; however, these additional fees are not common and are always approved by the client in advance.

You may provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to deduct fees by initialing the appropriate section of our contract.
- You will receive an invoice each quarter which states our fee and how it is to be paid.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

You may elect to pay by check rather than having payment deducted directly from your account.

You may end our advisory relationship by providing two weeks written notice. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. We will prorate the advisory fees earned through the termination date and send you an invoice for the advisory fees due.

### Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- brokerage costs and transaction fees for any securities, mutual funds or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

### Financial Planning

Effective July 1, 2007, we are no longer accepting new hourly financial planning engagements. We feel that we can best help clients achieve their goals by working with them on both the creation and implementation of their financial plans – a process that takes time and more frequent interactions. We would welcome the opportunity to talk to you about ongoing investment management, which includes financial planning services.

Financial planning clients who worked with us on an hourly basis prior to July 1, 2007 may return periodically for plan updates. In addition, we may work with associates and family members of existing clients on an hourly basis. This work is billed at a current rate of \$250 per hour.

You may pay for financial planning services by check or cash.

You may cancel our financial planning agreement at any time by providing written notice. Upon cancellation, we will present you with an invoice for time spent. This invoice is payable upon receipt.

### Engagement Letter

Occasionally, HC Financial Advisors, Inc. will sign an engagement letter with an hourly fee client. An engagement letter is typically used if the services to be provided are to extend over a period of time greater than one month or are to extend beyond a one-time financial plan or review.

### ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not receive performance fees for managing accounts.

### ITEM 7: TYPES OF CLIENTS

We work primarily with individuals and families. Our clients include professionals, business owners, retirees, widows, and families needing intergenerational financial planning. We also provide investment management services to several endowment and pension plans.

Effective July 1, 2010, we require that new clients for investment management services pay a minimum annual fee of \$10,000 (based on our \$1,000,000 account minimum). However, we may waive that minimum at our sole discretion.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

We start our analysis by looking at the overall economy and establishing targets for various asset classes. We then use both technical and fundamental analysis in selecting individual investments. Our main sources of information come from financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with Securities and Exchange Commission, and company press releases.

Investments are selected to meet the goals and objectives of the client as well as to offer diversification, adequate cash flow, capital appreciation potential, and appropriate tax shelter. Most portfolios are diversified globally through multiple asset classes using individual stocks and bonds as well as mutual funds.

Our philosophy in managing stock portfolios is to look for stable, well capitalized stocks with a record of steady growth in both sales and earnings that look attractively priced by various valuation measures. We keep in mind the client's need for safety, capital appreciation, and yield, and use these criteria in building an industry balanced portfolio. We purchase securities with the intention of holding them long term. We continually monitor the stock holdings of all clients in order to keep informed about changes in sales, earnings, and events at each company.

When clients do not have sufficient assets to purchase individual stocks or when clients prefer to use the additional diversification available with mutual funds, we use no load mutual funds to construct a portfolio. We select funds which have a consistent, long term track record, stable management, low fees, and conservative investment policies. In order to build a diversified portfolio, we select funds with different investment philosophies such as value, growth, large cap, small/medium cap, and international.

Our primary concern in managing fixed income investments is safety of principal. We typically build portfolios of quality bonds and government obligations with staggered maturities over a 1 to 8 year period. Our intent is to hold these investments until maturity. This strategy reduces the interest rate sensitivity of the portfolio and helps to insure safety of principal.

In addition to using individual bonds for the fixed-income portion of the portfolio, we will often use specialty bond funds to add further diversification. Examples of these funds include TIPS funds, asset-backed bond funds, global bond funds, and/or mortgage based funds.

Investors face a variety of risks either through direct ownership of securities or indirectly through securities owned by pooled investment vehicles such as mutual funds. Risks include the following: Interest rate risk, market risk, inflation risk, currency risk, reinvestment risk, business risk, liquidity risk, and financial risk. Due to these factors, we believe in building diversified portfolios of investments so as to spread out the risk among various asset classes, industry groups, individual stocks, and bonds.

Our portfolios have relatively low turnover rates. To reduce risk, we primarily invest in "blue chip" companies with quality balance sheets, a variety of products, and a track record of increased sales and earnings.



All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situation at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

## ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a registered investment advisor, we are required to disclose when we or our principal have any other financial industry affiliations. Neither we nor our principal has outside business affiliations.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by HC Financial and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

### Personal Trading for Associated Persons

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed as part of a block trade with client trades, or individually after client trades have been completed. Additional information about block trades is provided in the Aggregation of Orders section of “Item 12: Brokerage Practices.” When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

HC Financial and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.

## ITEM 12: BROKERAGE PRACTICES

### The Custodian and Brokers We Use

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker/dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients

- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Schwab*”)

## Your Brokerage and Custody Costs

For our clients’ accounts that Schwab 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. In addition to commissions, Schwab can charge 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. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

## Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients 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. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following 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 a 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
- 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
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- 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.

#### Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have \$186 million in client assets under management, and we do not believe that recommending that our clients collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another client or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other client accounts and personal accounts of persons associated with HC Financial. When this occurs, an allocation statement is prepared specifying the client accounts that will participate and the amount each client is to receive, based on client investment goals and objectives. If the aggregated order is only partially filled, it is allocated on a pro rata basis based on the allocation statements. Clients will receive the same price per share for the security or mutual fund purchased. The price is calculated by averaging the price of all of the shares

traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Our normal practice is to place trades on an individual account during the quarterly review process. Each client account is reviewed individually and orders are placed as the review for each client is completed. This process may be completed over the course of several weeks. Orders are aggregated only when we are taking action on a specific security for a significant number of clients.

## Directed Brokerage

You may instruct us to execute any or all securities transactions for your account with or through one or more broker/dealers designated by you. In these cases, you are responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by the broker/dealers and you are satisfied with the terms and conditions. We have no responsibility for obtaining the best prices or any particular commission rates for transactions with or through the broker/dealer in these situations. You recognize that you may not obtain rates as low as you might otherwise obtain if we had discretion to select broker/dealers other than those chosen by you. If you would like us to cease executing transactions with or through the designated broker/dealer you must notify us in writing.

## Soft Dollars

“Soft dollars” are typically generated when an investment advisor enters into an agreement with an executing broker to receive a portion of the commissions generated by the advisor’s client trades. The soft dollars are allocated to the investment advisor and can then be used to purchase items or services. The investment advisor has a fiduciary duty to its clients to obtain best execution, on an overall basis, for any securities transactions.

We do not use soft dollars as described above. The SEC recently changed the wording of certain questions on the Form ADV and has indirectly changed the definition of soft dollars. Due to the new wording, the receipt of goods and/or services from a third party in connection with providing advice to clients could be seen as “soft dollars.” The additional services we receive from Schwab, as disclosed in the section entitled “Products and Services Available to Us From Schwab” above, would fall under this description of soft dollars.

## ITEM 13: REVIEW OF ACCOUNTS

### Investment Management

All reviews of investment accounts are conducted on a quarterly basis or more frequently depending upon the client's situation and objectives and market conditions. Additional reviews may be triggered by changes in a number of areas including the client's goals and objectives, income and expenses, tax situation, family status, gifts and inheritance, health changes, or any other material change in the client's life. All managed accounts are reviewed on the same level: there are no different levels of reviews.

All reviews are completed by members of the investment committee, which includes Peggy S. Cabaniss, President of HC Financial Advisors, and Stephen Biggs, CFA.

Investment management clients receive quarterly reports on their investment portfolios which are being managed by HC Financial Advisors. In addition, they receive the following reports on an annual basis: performance reports, realized gains and losses for taxable accounts. Clients also receive monthly statements from the custodian for their brokerage account.

## Financial Planning

Client's financial plans are reviewed during the client's "Annual Review" meeting. Ideally, clients are asked to meet for a formal review on an annual basis. An annual review includes an update of the following financial information for a client: goals and objectives, net worth, cash flow analysis, income tax review, insurance review, estate planning review, and retirement forecast.

Financial planners at the firm conduct the annual reviews with clients. Current planners are Peggy S. Cabaniss, President and Karla J. McAvoy, CFP.

Financial planning reports are provided to clients whenever they meet for their annual review.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see "Item 12: Brokerage Practices"). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not directly or indirectly compensate anyone for client referrals.

## ITEM 15: CUSTODY

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in "Item 5: Fees and Compensation." You will also receive quarterly statements directly from the custodian of the account that details all transactions in the account. They will be sent to the email or postal mailing address you provide to the Custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare account statements from your Custodian to the periodic portfolio reports you will receive from us.

## ITEM 16: INVESTMENT DISCRETION

As one of the conditions of managing your account, you are required to provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

If a client wishes to place limitations on our discretionary authority to place trades for their accounts, those instructions should be written and part of either the investment advisory agreement or the most current Investment Policy Statement. Limitations would typically relate to large holdings or specific client wishes regarding socially responsible investment choices (such as no liquor stocks). We do not accept non-discretionary accounts for management.

## ITEM 17: VOTING CLIENT SECURITIES

We do not accept the authority to vote proxies on your behalf and we do not provide guidance about how to vote proxies. You will receive proxies and other related paperwork directly from your custodian.

## ITEM 18: FINANCIAL INFORMATION

We do not charge or solicit pre-payment of more than \$1,200 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.