

# **Lifetime Wealth Private Client Experience, Inc.**

**Doing Business As**

## **Cedrus**

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**April 17, 2017**

### **Form ADV Part 2A Brochure**

Lifetime Wealth Private Client Experience, Inc., doing business as Cedrus, is a registered investment advisor. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This Disclosure Brochure provides information about the qualifications and business practices of Cedrus. If you have any questions about the contents of this Disclosure Brochure, please contact us at (855) 724-2150. The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Cedrus is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this Disclosure Brochure. We review our brochure at least annually to make sure that it remains current.

On March 1, 2017, we submitted our annual updating amendment for fiscal year 2016 and amended Item 4 of our Form ADV Part 2A Brochure to reflect non-discretionary assets under management of \$119,740,691.

On April 17, 2017, we amended Item 5 of our Brochure to disclose our updated fee schedule. Our new fee schedule is listed below:

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$0 - \$1,000,000	1.20%
\$1,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$6,000,000	0.60%
Over \$6,000,000	0.45%

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#### Advisory Business - Item 4

Cedrus is a corporation organized under the laws of the State of Colorado. We have been providing investment advisory services since 2003.

J. Scott Holdings Corp. is the sole owner of Cedrus. John Alexander Scott, III is the Chief Executive Officer and Chief Compliance Officer of Cedrus, and the Chief Executive Officer of J. Scott Holdings Corp.

Currently, we offer the following investment advisory services, personalized to each individual Client:

- **Financial Planning Services**
- **Portfolio Management Services**

The paragraphs below describe what we do and what we charge. Each investment advisory service is listed below and describes how we tailor our advisory services to your individual needs. Also, you may see the term "Associated Person" throughout this Disclosure Brochure. As used in this Disclosure Brochure, this term refers to anyone from our firm who is an officer, employee, and any individual providing investment advice on behalf of our firm. Such persons are properly registered as Investment Adviser Representatives ("IARs") in all required jurisdictions.

#### **Financial Planning Services**

Cedrus provides advice to Clients as part of an ongoing wealth management service. As part of this service, an IAR of Cedrus collects pertinent information about the Client's financial circumstances and objectives during several meetings with the Client. Once we review and analyze such information, we provide the Client with a written strategy in the form of an assessment or analysis based on the Client's specified needs, goals and objectives.

The strategy may address any or all of the following areas, depending on the Client's needs and objectives:

- **Retirement Planning and Cash Flow Analysis** – Cedrus analyzes the Client's current and future cash flow in order to determine whether lifetime capital needs will be met. Additionally, the firm reviews the beneficiary designations on Client qualified plans and individual retirement accounts, and formulates distribution plans from such accounts.
- **Income and Estate Tax Minimization** – Cedrus explores ways to reduce the Client's income tax liability, including alternative minimum tax planning, and devises strategies to minimize and possibly eliminate future estate tax liability.
- **Estate Planning** – Cedrus reviews the overall distribution plan contained in wills, trusts and related documents, assists the Client in designating executors and/or trustees, titling of assets, gifting strategies, charitable planning, and the use of various types of trusts to promote estate planning and wealth transfer objectives.

- Insurance Planning – Cedrus analyzes the cost effectiveness and adequacy of various types of insurance coverage from a risk management standpoint, and explores ways that insurance can be tactically used as a tax efficient vehicle to transfer wealth as part of an estate plan.
- Stock Options/ Rule 144 Stock – Cedrus reviews the Client's current positions and explores various strategies for the timing of exercising of both non-qualified and incentive stock options, taking into account funding and tax considerations, and strategies for restricted stock grants.
- Business Succession Planning – Cedrus formulates a plan to sell/transfer the Client's business to family members, company insiders or a third-party purchaser, focusing on management transition, funding, and estate tax issues.
- Charitable Planning – Cedrus helps Clients optimize the tax benefits of charitable gifting during life and after death, utilizing charitable trusts, donor advised funds and private foundations.
- Asset Protection – Cedrus conducts risk assessment reviews of liquid and illiquid Client assets.

Our assessment or analysis may be provided in segments after one or more working sessions with the Client. Cedrus also meets periodically with the Client, upon request, or on an as needed basis, as determined by Cedrus, to discuss the Client's strategy and implement it by providing one or more of the portfolio management services described below.

We base our written strategy upon the Client's financial situation and the financial information the Client provides during our data gathering session(s). We advise Clients that certain assumptions are made with respect to interest and inflation rates, as well as past trends, historical market performance, and the economy. Past performance is in no way an indication of future results. Cedrus cannot offer any guarantees or promises that the Client's financial goals and objectives will be fully met. A Client must promptly notify Cedrus as financial situation, goals, objectives, or needs change.

#### **Portfolio Management Services**

As part of its overall wealth management services, Cedrus provides continuous asset management and investment advisory services, typically on a non-discretionary basis. In limited cases, we may also provide discretionary investment management services.

Non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account. Discretionary asset management services means that once the portfolio has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This authority is granted to us by you in a written agreement. This allows our firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your approval for each transaction. This type of authorization is done using either the investment advisory agreement you sign with our firm, a limited power of attorney agreement, or trading authorization forms. You may limit this authority by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing.

Our investment advice is tailored to meet our Clients' needs and investment objectives. If you decide to

hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

There are a few ways we might create your investment portfolio depending on what we decide would work best for you. We may customize a portfolio for you based the goals and risk we determined during the information gathering process. Or we might use model portfolios developed by third parties that fit your needs.

***Delegation to sub-advisors:*** *For those of our clients who hire us for portfolio management services and who have signed an agreement with us to this effect, you should be aware that we may use one or more sub-advisors to manage a portion of your account. Currently, we utilize the Managed Accounts Program and the GoalLink Program developed by SEI Investments Management Corporation ("SIMC"). All sub-advisors that we recommend to clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). We will continuously monitor the performance of any accounts managed by the sub-adviser and will assume discretionary authority to hire or fire the sub adviser where such action is deemed to be in the best interest of the Client. The sub-advisor(s) may use one or more of their own model portfolios to manage your account. You will be required to sign an individual agreement with the sub-advisor or a tri party agreement with the sub-advisor and Cedrus. Cedrus will not share in the fees charged by the sub-advisor.*

However we construct your investment portfolio, we will monitor your portfolio's performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

We recommend that you review the statement(s) you receive from the qualified custodian for accuracy. If you see something that is incorrect, please call our main office number, located on the cover page of this brochure.

Cedrus primarily uses the following types of securities in its portfolio management programs: domestic and foreign equity securities; exchange traded funds; investment company products; corporate securities; municipal securities and U.S. government securities. Cedrus may also advise Clients on any other type of investment deemed appropriate based upon stated goals and objectives. Cedrus may also provide advice on any type of investment held in a Client's portfolio at the inception of the advisory relationship or on any investment for which the Client requests advice.

**Assets Under Management**

As of December 31, 2016, we manage \$119,740,691 in Client assets on a non-discretionary basis.

#### Fees and Compensation - Item 5

Cedrus charges a percentage of assets under management and a fixed fee for its advisory and financial planning services.

##### **Financial Planning Services**

Cedrus will charge a fee to produce a wealth management strategy. An estimate of the fee will be determined at the inception of the advisory relationship. The final fee is directly dependent upon the facts and circumstances of the Client's financial situation and the complexity of the required services. The exact fee and fee paying arrangements will be clearly disclosed in the agreement for services signed by the firm and the Client.

Cedrus' annual Wealth Management fees are negotiable but typically range from \$2,000 to \$20,000 per year and may increase based on complexities of the client family's affairs. Cedrus invoices the client directly for the fee on a quarterly basis.

If the client engages Cedrus for additional investment advisory services, Cedrus may offset all or a portion of its fees for those services based upon the amount paid for the consulting services.

The Agreement between Cedrus and the Client will continue in effect until either party terminates the Agreement by giving to the other written notice, at least thirty (30) days prior to the date on which the termination is to be effective. Cedrus' fee will be pro-rated through the date of termination, based upon the portion of work performed by Cedrus, and any remaining balance will be charged or refunded to the Client, as appropriate, in a timely manner.

##### **Portfolio Management Services Fees**

If you decide to engage Cedrus for portfolio management services, we will charge an annual fee based upon a percentage of the market value of the assets being managed. Our fee for portfolio/asset management services is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$0 - \$1,000,000	1.20%
\$1,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$6,000,000	0.60%
Over \$6,000,000	0.45%

Other fee payment arrangements may be negotiated on a case by case basis. The exact fee paid by the clients will be clearly set forth in the advisory agreement signed by the firm and the client.

Cedrus allows related accounts to be combined for fee paying purposes. We combine the account valuations to assist you in meeting fee breakpoints and therefore lowering the overall fee level. Cedrus extends this option to all accounts residing in the same household and certain members of the same family.

Clients invested in the Managed Accounts Program and the GoalLink Program developed by SEI

Investments Management Corporation ("SIMC"), are required to custody accounts with SEI Trust Company. Portfolio management fees are billed quarterly, in arrears and are based on the value of your portfolio at the end of the preceding quarter. SEI Trust Company, the custodian holding client accounts, calculates and deducts advisory fees through the authority granted by the Client in the account opening agreement with SEI Trust Company and forwards such fees to Cedrus. Cedrus does not participate in the advisory fee calculation and deduction process. SEI Trust Company sends an account statement to all Clients on at least a quarterly basis. This statement will detail all account activity. Clients are encouraged to review their account statements to verify the accuracy of all information.

Our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the Client. However, we will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first quarter's fees will be calculated on a pro-rata basis. The Agreement between Cedrus and the Client will continue in effect until either party terminates the Agreement by giving to the other written notice, at least thirty (30) days prior to the date on which the termination is to be effective. Cedrus' annual fee will be pro-rated through the date of termination and any remaining balance will be charged or refunded to the Client, as appropriate, in a timely manner.

#### **Additional Fees and Expenses**

The fees Cedrus charges may be negotiable based on the amount of assets under management, complexity of Client goals and objectives, and level of services rendered. Our fees are charged as described above, and are not based on a share of capital gains of the funds of an advisory Client. All fees paid to Cedrus for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge.

You could invest in a mutual fund directly, without our services. In that case, you would not receive the services provided by Cedrus which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds, and the fees charged by Cedrus, to fully evaluate the advisory services provided and the total amount of fees.

All conflicts of interest between you and our firm, and Associated Persons of our firm, are outlined in this Disclosure Brochure. If additional conflicts arise in the future, we will notify you in writing or supply you with an updated Disclosure Brochure.

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

Performance based fees are based on a share of capital gains on or capital appreciation of the Client's



assets. Cedrus and its Associated Persons do not accept performance based fees.

#### Types of Clients - Item 7

We offer investment advisory services to individuals, pension and profit sharing plan participants, trusts, estates, charitable organizations, corporations, and other business entities.

Cedrus requires a minimum family net worth of \$1,000,000 to open and maintain a client relationship. At our sole discretion we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- Fundamental Analysis – attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- Technical Analysis – relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.

The asset management service provided, together with the strategies suggested by Cedrus, will vary depending on each Client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationships into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed will be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**General Investment Risk:** Investing in securities involves risk of loss that clients should be prepared to bear. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments for investment.

We may use one or more of the following investment strategies when advising you on investments:

- Long Term Purchases – securities held for over a year.

The principal type of risk associated with long term purchases is the lack of liquidity of certain

types of securities that are designed to be held for longer terms.

- Short Term Purchases – securities held for less than a year and trading – securities sold within 30 days.

The principal type of risk associated with short term purchases is market risk. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

Additionally, trading is speculative. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

- Trading – securities sold within 30 days.

The principal type of risk associated with trading is market risk. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

Additionally, trading is speculative. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

- Covered Options – covered option is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.

Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of

certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

#### Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. There is no history of reportable material legal or disciplinary events by our firm or our management persons.

#### Other Financial Industry Activities or Affiliations - Item 10

In addition to advisory services, Cedrus offers the following non advisory services to clients:

**Insurance Services:** Cedrus is a licensed insurance agency with the State of Colorado. In this capacity, the firm sells insurance products to clients and is compensated in the form of commissions for these activities. Certain Investment Advisory Representatives ("IARs") and Officers of the firm are also licensed as insurance agents and can offer various insurance products from a variety of product sponsors and earn commissions for these activities. The firm expects that clients to whom it offers advisory services may also be insurance clients. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned by IARs and the firm for placing the client in insurance products. Clients to whom the firm offers advisory services are informed that they are under no obligation to utilize the firm for insurance services.

These arrangements represent a conflict of interest due to the receipt of both advisory and commission compensation. Cedrus has policies and procedures that require all IARs to uphold their fiduciary responsibilities towards clients. Where Cedrus finds an IAR has not acted in the best interest of the client, Cedrus may cancel the transaction. Alternatively, Cedrus may deduct the commission costs from the advisory fee paid by the client. In any event, all client transaction costs will be disclosed to the client.

**Family Office Services:** These services include tax planning, insurance planning, multi generational wealth transfer planning, family foundation management, philanthropic planning and general family governance.

**Family Coaching Services:** These services include life transition planning, family business and wealth

assessment, transition planning and beneficiary coaching.

**Corporate Consulting Services:** These services include business succession planning, executive coaching, mergers and acquisitions advice and talent acquisition advice.

Clients are advised that the fees paid to the firm for advisory services are separate and distinct from fees earned for non advisory services. Clients to whom the firm offers advisory services are informed that they are under no obligation to utilize our firm for these services. Currently, Cedrus generates about 15% of its revenue from these non advisory services.

J. Scott Holdings Corp. is the sole owner of Lifetime Wealth Private Client Experience, Inc., doing business as Cedrus. John Alexander Scott, III is the Chief Executive Officer and majority owner of J. Scott Holdings Corp. In the past, J. Scott Holdings Corp. was also the owner of J. Scott Securities, a broker dealer registered with FINRA. J. Scott Securities was sold to J. Scott Group Partners, LLC in March of 2008. J. Scott Group Partners, LLC is currently owned by Edward Twele and Mitchell Moore. J. Scott Holdings Corp. collects payments from J. Scott Group Partners, LLC as a result of this sale. Apart from the ongoing receipt of payments as a result of this sale, J. Scott Holdings Corp. and John A. Scott have no ongoing relationship with J. Scott Group Partners, LLC.

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

##### **Description of Our Code of Ethics**

Cedrus has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Cedrus' policies and procedures developed to protect Client's interests in relation to the following topics:

- The duty at all times to place the interests of Clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of Clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

You can request a copy of our Code of Ethics by calling us at (855) 724-2150 or mailing us a request at our principal office address.

##### **Personal Trading Practices**

At times Cedrus and/or its IARs may take positions in the same securities as Clients, which may pose a conflict of interest with Clients. Cedrus and its IARs will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to Client trades. We will not violate our fiduciary responsibilities to our Clients. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the Client(s)

at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

#### **Brokerage Practices – Item 12**

##### **Suggestion of Broker**

Clients invested in the Managed Accounts Program and the GoalLink Program developed by SEI Investments Management Corporation ("SIMC"), are required to custody accounts with SEI Trust Company.

##### **Research and Other Soft Dollar Benefits**

Although not considered "soft dollar" compensation, Cedrus may receive benefits from SIMC for various services that include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Such research products and services are provided to all investment advisers who utilize SIMC, and are not considered to be paid for with soft dollars. However, the fees and/or commissions charged by a particular broker or trust company for a particular transaction, or set of transactions, may be greater than the amounts another broker who did not provide research services or products might charge.

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

We do not receive Client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for Client referrals.

##### **Directed Brokerage**

The Client may direct brokerage to a specified broker-dealer other than the firm recommended by Cedrus. It is up to the Client to negotiate the commission rate, as Cedrus will not. The Client may not be able to negotiate the most competitive rate. As a result, the Client may pay more than the rate available through the broker-dealer used by Cedrus. In Client directed brokerage arrangements, the Client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution.

##### **Trade Aggregation**

Cedrus does not block trade. Accordingly, we advise Clients that they may pay a different price for their securities than other clients. Additionally, depending on the quantity of securities purchased, some Clients may pay different commissions and transaction fees than others.

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

##### **Asset Management Account Reviews**

Cedrus monitors the individual investments within Cedrus' portfolio management program each day the market is open. Portfolio performance is reviewed on a continuous basis. Cedrus offers asset management Clients an in-person portfolio review meeting on an annual basis or upon Client request.

Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the Client's financial situation or investment objectives, or at the request of the Client. John A. Scott, President and CEO, James Hitson, John Geringer, or Scott Berman, CFO, will be responsible for overseeing all reviews.

Clients will receive statements, at least quarterly, directly from their account custodian(s).

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

Apart from the research and other benefits received from SIMC, as disclosed in the Research and Other Soft Dollar Benefits section of Item 12 above, we do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our Clients.

People who refer clients to investment advisers are called solicitors. At our discretion, from time to time, we may compensate various solicitors for referring clients to us. How much we pay a solicitor for such a referral is determined on a case by case basis, usually based on a percentage of investment advisory fees paid by the client referred to us. We pay any solicitor fees out of the fees we charge our clients, but we do not increase the fee charged to you because a solicitor referred you to us.

#### Custody - Item 15

Cedrus does not have custody of Client funds. SEI Trust Company calculates and deducts advisory fees through the authority granted by the Client in the account opening agreement with SEI Trust Company and forwards such fees to Cedrus. Cedrus does not participate in the advisory fee calculation and deduction process.

In rare circumstances, Cedrus may calculate an advisory fee and instruct the custodian holding the client's funds to deduct the fee directly from the client's account, provided the client has given written authorization. In such cases, Cedrus is deemed to have custody of client funds.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Clients are urged to compare custodial account statements against reports prepared by Cedrus for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

#### Investment Discretion - Item 16

Cedrus primarily manages client accounts on a non-discretionary basis. In a non-discretionary account, an Associated Person of Cedrus recommends the purchase or sale of securities for review and approval by the Client. Cedrus will only purchase or sell securities which have been approved by Clients in advance.

In limited circumstances, Clients may grant Cedrus discretion over the selection and amount of securities to be bought or sold for their account. All discretionary authority must be granted in writing.

Clients who grant the firm limited discretionary authority can place specific investment objectives, guidelines, and/or conditions on the firm's investment authority. For example, a Client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry. Clients may amend these limitations as required. Such amendments must be submitted in writing.

Please refer to the "Advisory Business" section, Item 4 above in this Disclosure Brochure for more information on our discretionary management services.

#### Voting Client Securities - Item 17

##### **Proxy Voting**

Cedrus will not vote proxies on behalf of Client accounts. Although, at the Client's request, Cedrus may offer Clients advice regarding corporate actions and the exercise of proxy voting rights and/or materials.

Questions about proxies may be made via the contact information on the cover page.

#### Financial Information - Item 18

Cedrus does not require or solicit prepayment of more than \$1,200.00 in fees per Client, six months or more in advance. Additionally, Cedrus does not have discretionary authority or custody of Client funds or securities. Therefore, Cedrus is not required to present a balance sheet.

Cedrus does not have reportable financial disclosures – i.e., disclosures in which Cedrus' financial condition would impair Cedrus' ability to meet contractual commitments to Clients.

**Requirements of State-Registered Advisers - Item 19**

**This section is intentionally left blank- Our Firm is SEC registered**

**Miscellaneous**

**Class Action Lawsuits**

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. Cedrus has no obligation to determine if securities held by the Client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the firm has no obligation or responsibility to initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by Clients.

Where the firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a Client, it will forward all notices, proof of claim forms, and other materials, to the Client. Electronic mail is acceptable where appropriate, and the Client has authorized contact in this manner.

**Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a Client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the firm generally seeks to rectify the error by placing the Client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any gains or losses resulting from error correction will be placed in Cedrus' account.

**Privacy Policies**

Cedrus views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Cedrus does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client account, Cedrus may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers. In most cases we will have the other advisor sign a non-disclosure agreement on the client's behalf.

Cedrus restricts internal access to nonpublic personal information about its Clients to those employees who need to know that information in order to provide products or services to the Client. Cedrus maintains physical and procedural safeguards that comply with state and federal standards to guard a Client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized



above, it has always been and will always be the firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of the Client, or as required by law.

A copy of the firm's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the Advisory Agreement. Thereafter, the firm will deliver a copy of the current privacy policy notice to its Clients on an annual basis. If you have any questions on this policy, please contact John A. Scott, President and CEO, at (855) 724-2150.