



Firm Brochure

(Part 2A of Form ADV)

Trent Capital Management

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This brochure provides information about the qualifications and business practices of Trent Capital Management, Inc. ("TCM"). If you have any questions about the contents of this brochure, please contact us at: (501) 868-7772, or by email at: jstrickland@trentcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Trent Capital Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Material Changes since the Last Update

Updated AUM and client totals as of 8/28/13.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (501) 868-7772 or by email at: jstrickland@trentcap.com. The brochure is offered free of charge.

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Item 4: Advisory Business

Firm Description

Trent Capital Management, Inc. (“TCM”) is an independent, fee-based, SEC-Registered Investment Advisor. The firm was founded in 1996 by David Trent. Mr. Trent is the firm’s President, Chief Investment Officer and sole principal owner. Norman Strickland is the firm’s Chief Compliance Officer. TCM provides discretionary and non-discretionary portfolio management services to its clients. TCM does not provide tax or legal advice.

As of August 28th, 2013, TCM manages approximately \$126,000,000 in assets for approximately 312 clients. Approximately \$109,000,000 is managed on a discretionary basis, and \$17,000,000 is managed on a non-discretionary basis.

TCM is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

The initial meeting, which may be in person or by telephone, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client.

Types of Advisory Services

TCM provides personalized, confidential financial planning and portfolio management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Portfolio Management Services

a) *Investment Philosophy.* Our asset allocation decisions are long-term in nature and assume a minimum three year time frame. We believe that this is long enough to give us confidence that investment fundamentals rather than short-term market sentiment will drive returns. However, we continually test the overall risk to the portfolio over one year periods. This will occasionally indicate a shift needs to be made in the asset allocations in clients’ portfolios. Our goals are to weight client portfolios for maximum potential return, to mitigate downside risk, and to keep portfolio turnover low.

b) *Investment Strategy.* We utilize a three step approach in building our portfolios: 1) establish a neutral allocation for each portfolio, 2) shift the allocation away from neutral if a “fat pitch”, or compelling investment opportunity is identified, and 3) use a scenario analysis to test the portfolios’ exposure to various risks. We perform thorough due diligence testing to identify and select appropriate no-load mutual funds to implement in our portfolios.

c) *TCM Model Portfolios.* We offer four risk based model portfolios: the aggressive growth portfolio (AGP), the moderate growth portfolio (MGP), the conservative growth portfolio (CGP), and the all income portfolio (AIP). Clients are invested in one of the four model portfolios after consultation and execution of the investment policy statement. In some cases, TCM can tailor investment management around clients’ special needs or investment policy restrictions.

d) *401(k) and 403(b) Account Management.* We offer non-discretionary investment advisory services to individual 401(k) and 403(b) participants. We will make recommendations based on your organization’s retirement plan investment lineup, and attempt to allocate as close to our own models as possible according to your risk parameters. Clients should be aware that the number of retirement plan fund options available to them is often significantly less than the fund options available in our model portfolios, and the funds available may have objectives, risk profiles, and expenses that are significantly different from the funds in our model portfolios.

e) *Retirement Plans.* TCM offers investment advisory services to retirement plan sponsors. We provide plan fiduciaries with investment due diligence and implementation of participant assets into appropriate risk-based models,

helping them satisfy ERISA 404(a) and 404(c) requirements. We can also assist in identifying qualified custodians and third-party administrators (TPAs) to assist plan sponsors in plan design, administration, ERISA compliance, and recordkeeping requirements. TCM prides itself in client education, and will provide ongoing investment advice and education to sponsors and participants as needed at no extra charge.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect each client's stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be implemented without client consent.

Advisory Agreement

Most clients choose to have TCM manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. Fees are described in detail in *Item 5: Fees and Compensation* below. An Advisory Service Agreement includes the following services:

- a) Establishing goals and objectives including the implementation of recommendations within each area,
- b) Researching, selecting, buying/selling and daily monitoring of securities in your account in accordance with your investment policy statement and risk parameters,
- c) Handling of all administrative duties on your account(s),
- d) Producing periodic reports on your account(s), which may include performance measurement, appraisals, realized gain/loss reports, and net worth statements,
- e) Year-end tax reporting upon request,
- f) Meetings as needed to review all aspects of your account(s). Your access to management, however, is never limited and we will discuss related matters with you during the course of the year at no additional cost.

Asset Management

Assets are invested primarily in no-load, no transaction fee mutual funds, usually through discount brokers. Fund companies charge each fund shareholder an investment management fee and on occasion 12b-1 fees that are disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a commission for stock and bond trades. TCM does not receive any compensation, in any form, from fund companies and receives no commissions from custodians.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, U. S. government securities, options contracts, and futures contracts.

Initial public offerings (IPOs) are not available through TCM.

Item 5: Fees and Compensation

Description

TCM bases its fees on a percentage of assets under management. Fees are negotiable and may vary by client. TCM, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship,

type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Fee Billing

All fees are billed quarterly in advance at the beginning of each quarter based on the value of assets under management in the account. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account(s).

The following are the standard billing tiers and annual fees for TCM clients:

<u>Client Assets Under Management</u>	<u>Annual Fee Rate</u>
\$0 to \$199,999	1.60%
\$200,000 to \$499,999	1.40%
\$500,000 to \$999,999	1.25%
\$1,000,000 to \$4,999,999	1.10%
\$5,000,000 and over	negotiable

Other Fees

As stated in Item 4, TCM generally trades no-load, no transaction fee mutual funds. However, custodians may charge transaction fees on purchases or sales of certain stocks, bonds, mutual funds, and exchange-traded funds. These transaction fees are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Clients may be assessed fees on redemptions of their mutual fund shares that occur within a specified period of time, usually less than 90 days after purchase. Custodians may assess a fee on redemptions of selected mutual funds made within 90 days of purchase as well.

The fees described in this subsection are collected by custodians and/or mutual fund companies, and TCM receives no portion of redemption fees or sales commissions from custodians or mutual fund providers.

Expense Ratios

Mutual funds generally charge a management fee and/or 12b-1 fee for their services as investment managers. This management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% annually on the dollar amount of assets managed for their services. These fees are in addition to the fees paid by you to TCM and are published in each individual mutual fund's prospectus.

Performance figures quoted by mutual fund companies in various publications are net (meaning after) their fees have been deducted.

Termination of Agreement

The advisory agreement can be terminated by either party at any time. If the agreement is terminated prior to the end of the quarter by either party, a pro rata portion of management fees paid will be refunded to the client. The pro rata amount is based on the number of days remaining in the quarter when the relationship is terminated.

Item 6: Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

TCM does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry an inappropriately higher degree of risk to the client.

Item 7: Types of Clients

Description

TCM generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Client relationships vary in scope and length of service, and are driven by each client's needs, goals, and objectives.

Account Minimums

To open an account with us for individual portfolio management services, we typically require a minimum account size of \$150,000. We will aggregate client account balances for purposes of this requirement.

TCM has the discretion to waive the account minimum. Accounts less than \$150,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to the minimum within a reasonable time. Other exceptions will apply to employees of TCM and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be billed according to their advisory agreement and no minimum annual fee is imposed.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that TCM may use include Morningstar Principia mutual fund information, research data provided by Charles Schwab & Company, Advisor Intelligence, and the World Wide Web.

Investment Strategies

Strategic Asset Allocation – Active Management

The primary investment strategy used on client accounts is strategic asset allocation utilizing an active management approach. Our asset allocation decisions assume a minimum three year time frame. We believe that this is long enough to give us confidence that investment fundamentals rather than short-term market sentiment will drive returns. However, we continually test the overall risk to the portfolio over one year. This will occasionally indicate a shift needs to be made in the asset allocations in clients' portfolios.

There are three primary steps to our asset allocation determination for our four model portfolio types. They are: 1) Establishing a neutral allocation for each portfolio, 2) Shift the allocation away from neutral if a "fat pitch" or compelling investment opportunity is identified, and 3) using a scenario analysis to test the portfolios' exposure to various risks.

Step One: Neutral Allocations

We begin by creating a neutral allocation for each portfolio using such market indices as the S&P 500, Russell 2000, MSCI EAFE (international oriented), and the Barclays Aggregate Bond. This represents a static, strategic asset allocation for a hypothetical long-term investor. We base our neutral allocation on historical long-term risk and return

relationships between each asset class, and what we consider to be realistic and reasonable expectations going forward. Our goal is an allocation that is well-diversified and has a high probability of not violating the risk tolerance limits of each model. It is considered a baseline, or starting point for our active asset allocation process.

Step Two: Active Management – “Fat Pitch” Opportunities

This step emphasizes finding high quality active fund managers in each asset class and identifying compelling “fat pitch” opportunities in which to shift the neutral allocation towards. While the markets are quite efficient most of the time (meaning most assets are priced fairly), they occasionally offer exceptional opportunities. Part of our process is seeking out and investing in these opportunities, in an effort to outperform the market over a full market cycle.

To find these opportunities, we seek out market segments we feel are extremely undervalued (or overvalued) relative to alternative asset classes. Then, we determine the stage of the risk cycle for the asset class, and the market cycle overall. This means that while a good opportunity might exist, it may be too early or too late to invest in to gain real benefit, or too risky given the overall economic environment. If however, we determine the timing is right and the conditions are ideal, we shift away from our neutral allocation and overweight/underweight the appropriate asset classes. Usually, the shifts are moderate and/or gradual, as to stay within the risk tolerance and weighting limits of the client’s investment policy statement.

Step Three: Scenario Analysis

We use scenario analysis to assess the risk exposure in each portfolio. We consider different possible scenarios that could trigger a stock market decline. We then assess the downside to stocks and bonds, and specifically, the individual funds we own to determine the downside exposure to the overall portfolios in each scenario. This analysis helps us determine whether to be more or less defensive.

Alternative Strategies

Other, less frequently used strategies may include long-term purchases, short-term purchases, trading, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). These strategies may be used when the client desires an alternative to our primary investment strategy described above, or if their goals, objectives, and risk tolerance require a more customized approach. Frequent trading and option strategies are initiated by the client and are not part of TCM’s routine investment management process.

Fund Selection

A key part to our investment strategy described above is identifying and implementing the best funds. We use the criteria detailed below to select fund managers and their funds in each asset class. We seldom use only one fund for an asset class in an attempt to further diversify our portfolios, unless there is a compelling reason to do so (such as only a small percentage dedicated to the asset class, or an extremely high conviction for a particular fund manager).

Initially, we focus on the manager’s record and expenses. We look for long, consistent records of outperformance relative to peers at a reasonable cost. We prefer a minimum of five years of history for our comparisons. While past performance doesn’t guarantee future performance, it gives us a better idea of who the more skilled fund managers are.

After identifying the most attractive managers, we then investigate their respective investment philosophies, research techniques, and supporting cast of research staff. Our goal is to identify the managers that align with our own investment philosophies and display the greatest potential for future success. Past performance helps us screen for effective managers, but selecting ones that subscribe to our own investment values and have a stable and repeatable investment model is equally important.

The final step is implementing the fund(s), and determining how much to buy or sell, and which funds to replace, if any. When purchasing a fund, we have no preset holding period. This is determined by ongoing monitoring of the market and our overall portfolios. When underlying fund or market conditions change, we may sell a fund. These conditions include:

- a) a need to adjust asset allocations based on our analysis,

- b) a loss of confidence in a manager or fund, or
- c) a better fund alternative is identified.

Exceptions apply to the above when a client's special circumstances exist. This may be when a client's account is too small to meet fund minimums, selling a fund would create an undesirable tax situation (i.e. excessive realized capital gains), or a situation unique to the client means that deviating from TCM's ordinary investment approach is a better fit for them.

Strategy Implementation

The investment strategy implemented for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks when investing:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Mutual Fund & Exchange Traded Fund (ETF) Risk:** Each mutual fund and ETF carries specific risks, which are described in detail in their prospectus. In general, mutual funds and ETFs expose investors to the strategy-specific risk of the fund. For example, small-cap, mid-cap, and emerging markets oriented funds generally carry more risk than large-cap or fixed income oriented funds.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9: Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities

TCM is not registered as a securities broker-dealer, a futures commission merchant, commodity pool operator or commodity trading advisor.

Affiliations

TCM does not have any related parties, and as a result has no relationship or conflict of interest with related parties. TCM receives compensation only from clients.

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

Code of Ethics

The employees of TCM have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request free of charge.

The Code of Ethics describes in detail our high standards of business conduct, fiduciary duty to our clients, and rules surrounding personal securities trading by our employees. The Code is reviewed at least annually by TCM's Chief Compliance Officer.

Participation or Interest in Client Transactions

TCM and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees are required to comply with the provisions of the TCM *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of TCM is Norman Strickland. He reviews all employee trades each quarter. His trades are reviewed by David Trent. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund or exchange-traded fund trades, the trades do not affect the securities markets nor client accounts.

Item 12: Brokerage Practices

Selecting Brokerage Firms

TCM does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. TCM recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. TCM does not receive any referrals from custodians in exchange for business.

TCM recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab & Co. and Mid Atlantic Trust Company. Each recommendation is given after careful consideration of which custodian offers the overall best fit for the client based on several factors listed below:

- a) Capability to execute, clear, and settle trades (buy and sell securities for client accounts,
- b) Capability to facilitate transfers and payments to and from accounts (wires, checks, ACH transfers, etc.)
- c) Breadth of available investment options (i.e. stocks, bonds, mutual funds, exchange-traded funds (ETFs)),
- d) Availability of investment research and tools to assist in investment decisions for clients,
- e) Quality of service compared to competing brokers/custodians,
- f) Competitiveness of pricing (i.e. commission rates, margin interest rates, other fees, etc.) compared to competing brokers/custodians,
- g) Reputation, financial strength, and stability, and
- h) An exceptional level of service provided to TCM clients and employees.

While we routinely recommend custodians to each client, the client makes the final decision on which custodian to use by entering into an account agreement directly with them. TCM does not receive fees or commissions from any of these arrangements and does not custody any client assets.

Best Execution

TCM reviews the execution of trades at each custodian each quarter. The review is documented in the TCM compliance file. Trading fees charged by the custodians are also reviewed on a quarterly basis.

Research and Other Soft Dollar Benefits

Products and Services Available to Us From Schwab

Schwab Advisor ServicesTM (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' account, while other 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' account. 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:

- a) Provide access to client account data (such as duplicate trade confirmations and account statements

- b) Facilitate trade execution and allocated aggregated trade orders for multiple client accounts
- c) Provide pricing and other market data
- d) Facilitate payment of our fees from our clients' accounts
- e) 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:

- a) Educational conferences and events
- b) Consulting on technology, compliance, legal, and business needs
- c) Publications and conferences on practice management and business succession
- d) 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, as discussed above. 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 "Selecting Brokerage Firms" above) and not Schwab's services that benefit only us.

Order Aggregation

Most trades are mutual funds where trade aggregation does not garner any client benefit.

Item 13: Review of Accounts

Periodic Reviews

Account reviews are regularly performed by client's investment advisor and compliance staff to ensure adherence to each client's investment policy statement and risk profile. Reviews include verification that appropriate investment vehicles and weightings are used to conform to TCM's proprietary investment models and client's chosen model and risk tolerance. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive communications on a regular basis. All clients receive written quarterly updates. These written updates may include a net worth statement, portfolio statement(s), performance reporting, and commentary/updates on current market conditions and/or some of the investments held by clients. The information in our reports may vary from custodial statements based on accounting procedures and reporting dates. Clients are urged to notify us immediately of any discrepancies discovered between their custodial statements and reports received from TCM.

Item 14: Client Referrals and Other Compensation

Incoming Referrals

TCM has been fortunate to receive many client referrals over the years. These referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not and never has compensated referring parties for these referrals.

Referrals Out

TCM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them. TCM makes third-party referrals to its clients based on its judgment of each professional's qualifications and experience in their respective field. However, TCM encourages its clients to compare the qualifications and services of other competing professionals to ensure a good fit and reasonable cost to the client.

Other Compensation

TCM does not accept commission from any product or investment. 100% of our revenue comes from client fees.

Item 15: Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients have the option to receive account statements electronically if they instruct the custodian to deliver them in this format.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to statements provided by TCM, and notify us immediately if discrepancies are discovered. For reporting purposes, TCM uses data from sources we deem to be accurate (such as custodians and leading industry data providers), but cannot guarantee their accuracy.

Other Statements/Reports

Clients are frequently provided with a variety of custom account statements and net worth reports that are generated from our client relationship management systems. Net worth statements may contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to financial planning tasks. Many of these reports are illustrations for financial and/or retirement planning only and are no guarantee of future performance or results.

Item 16: Investment Discretion

Discretionary Authority for Trading

TCM manages money for most clients on a discretionary basis, and in limited cases on a non-discretionary basis. Clients opening discretionary accounts are required to execute an Advisory Agreement and Limited Power of Attorney that, among other things, grant us authority to manage their assets on a discretionary basis. This means that TCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. In all cases, TCM's discretionary power is to be carried out in a manner consistent with each client's investment objectives and risk profile.

The client approves the custodian to be used by executing an account agreement with them. TCM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing. Our discretionary power is limited if and when the client's investment policy restricts us from trading certain securities in the client's account.

For clients whose assets are managed on a non-discretionary basis, recommendations will be made and pre-approval obtained by the client before trades are executed.

Trade Errors

From time-to-time TCM may make an error in submitting a trade order on your behalf. When this occurs, TCM may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons).

If the gain does not remain in your account and Charles Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, TCM will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Item 17: Voting Client Securities

Proxy Votes

TCM does not vote proxies on securities. Clients are expected to vote their own proxies. All proxies are mailed to each client directly by Charles Schwab.

When assistance on voting proxies is requested, TCM will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Item 18: Financial Information

Financial Condition

TCM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because TCM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.