



**Part 2A of Form ADV: *Firm Brochure***

**VennWell, LLC**

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March 28, 2014**

This Brochure provides information about the qualifications and business practices of VennWell, LLC (hereinafter “VennWell,” the “firm,” or “we”). If you have any questions about the contents of this brochure, please contact us at (847) 295-9222 and/or by email at [managingdirector@vennwell.com](mailto:managingdirector@vennwell.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 VennWell is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

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This Firm Brochure, dated March 28, 2014, provides you with a summary of VennWell's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Section is used to provide our clients with a summary of new and/or updated information; we will inform you of the revision(s) based on the nature of the information as follows.

1. **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will either provide you with a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Section.
2. **Material Changes:** Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Section). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

We have no material changes to report to the information previously provided in our Firm Brochure dated March 28, 2013.

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us at 847-295-9222 or by email at [managingdirector@vennwell.com](mailto:managingdirector@vennwell.com).

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## **Advisory Business**

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VennWell is an SEC-registered investment adviser. It should be noted that registration as an investment adviser does not require and should not be interpreted to imply any particular level of skill or training. We offer our clients a broad range of comprehensive investment management, financial planning, and consulting services. These services are provided primarily to individuals, families, trusts, estates, charitable funds and closely held corporations or pension & profit sharing plans of individually-owned corporations. VennWell has one office in Lake Forest, Illinois. VennWell was founded in 2002 by Colleen Chandler, the firm's sole owner.

### **TYPES OF ADVISORY SERVICES**

#### **Investment Management**

VennWell provides Investment Management services, defined as providing continuous and regular direction of investment and reinvestment of monies in a client account, in mutual funds, stocks, exchanged-traded funds, municipal bonds, corporate bonds, U.S. Treasuries, Agencies and cash and cash equivalents. VennWell's Investment Management services are primarily focused on the investment needs of the individual and his or her taxable investment accounts, retirement accounts, college savings accounts, and trust and charitable accounts. For these types of investment activities, VennWell acts as a discretionary manager, wherein the client has granted our firm a limited power of attorney authorizing VennWell to make decisions regarding the nature, type, amount and timing of investment and reinvestment of securities in client portfolios. We limit our investment advice to exclude a number of investment classes; specifically, hedge funds, futures, options, and derivatives.

#### **Advisory Oversight for 401k and 529 College Savings Plan Participants**

VennWell provides investment supervisory services to individuals who participate in their employer's 401k Plan or in a 529 College Savings Plan by providing periodic recommendations on the allocation of investments across the menu of investment choices available in their plan. At the clients' direction, VennWell acts either as a discretionary manager or a non-discretionary adviser. When VennWell is engaged as a discretionary manager, the client grants our firm a limited power of attorney authorizing VennWell to make switches in investment and reinvestment of monies among the menu of investment choices available in his/her plan. When VennWell is engaged as a non-discretionary adviser, the client is responsible for making the recommended changes to the asset allocation of the account and may or may not in a timely manner follow any and all of the recommendations provided. Under VennWell's AOK 401k service, VennWell's advisory relationship is with the individual plan participant, not the plan sponsor or administrator.

#### **Financial Planning**

VennWell provides financial planning advice. Financial planning may or may not include the creation and analysis of a client's statement of financial position, cash flow and budget management, income and lifestyle planning for current and future years, retirement planning, tax planning, risk exposure review, investment analysis, estate planning,

charitable goals, education funding, insurance review, or other issues specific to the client. Clients choosing to enter into the financial planning process will generally be required to enter into a Financial Planning Agreement and will receive a personalized written report that provides a customized financial plan addressing the needs and objectives of the client according to the scope defined between the client and VennWell.

Implementation of financial plan recommendations is entirely at the client's discretion. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from VennWell. Financial planning recommendations are not limited to any specific product or service offered by a bank or by a brokerage, insurance, or other financial institution. Should a client choose to implement the recommendations contained in the plan, VennWell suggests the client work closely with his/her attorney, accountant, insurance agent, and/or investment professionals. If requested by the client, we may recommend the services of other professionals for implementation purposes.

The client is under no obligation to engage the services of any such recommended professional. In the event the client desires, the client can subsequently engage VennWell to provide ongoing financial planning and/or discretionary portfolio management services, though the client would be required to enter into a separate Investment Management Agreement with VennWell.

### **Consulting Services**

Clients may engage us to consult on a variety of issues, including advice on non-securities matters, on a more specialized or limited basis, as specifically described in an engagement letter or separate agreement. This may include advice on only an isolated area of concern. Generally, this advice is provided in connection with the rendering of employer stock option planning, estate planning, employment contract negotiations, real estate projects, divorce planning, ante-nuptial planning, marital money management counseling, and other specialized topics.

### **TAILORING ADVISORY SERVICES**

At VennWell, investment management services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence and are used to determine the course of action for each client.

Clients may impose restrictions on investing in certain securities or types of securities, and clients are required to provide such restrictions to VennWell in writing.

Based on these discussions and on market conditions, investment allocations are established by VennWell when funds are received. These allocations are periodically adjusted to take advantage of attractive opportunities, to reduce risks, or to provide liquidity as required by the client.

**AOK Advisor Oversight services for 401k and 529 College Savings Accounts** require that clients furnish VennWell with the menu of investment choices available and any

restrictions imposed on plan investments. We will initially review the investment choices available to an Account, and we will develop a recommended allocation, recommending what percent of the Account should be invested in each of the available funds. Thereafter, on a periodic basis, we will review the investment choices available in the account and recommend allocation changes. On an interim basis, VennWell will also monitor the investment markets, and we may make switches or advise to switch funds within an Account, either to reduce risk or to take advantage of perceived attractive opportunities. The client is responsible to inform VennWell of any changes to his/her 401k or 529 plan.

**Financial Planning.** We gather required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards investment risk and experience measures. Related documents supplied by the client are reviewed, including worksheets completed by the client.

In performing its financial planning services, VennWell is not required to verify any information received from the client or from the client's professionals and is expressly authorized to rely thereon. Every client is also advised that it remains his/her responsibility to promptly notify VennWell if there is ever any change in his/her financial situation or investment objectives for the purpose of reviewing, evaluating and/or revising VennWell's previous recommendations and/or services.

### **Amount of Managed Assets**

As of December 31, 2013, VennWell managed, on a discretionary basis, approximately \$205,000,000 in assets for 606 accounts. VennWell provides advisory services on approximately \$10,000,000 of assets in client 401k and 529 college savings accounts through our AOK Advisor Oversight services.

### **Fees and Compensation**

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#### **Investment Management Fees**

Fees for investment management are charged as a percentage of account value. Investment management fees are calculated quarterly based on the account value at quarter end, according to the fee schedule below, and are paid quarterly in advance. The initial fee covers account setup as well as our management services for the remainder of the calendar quarter and is not prorated.

| Asset under management | Quarterly Fee | Annual Equivalent |
|------------------------|---------------|-------------------|
| First \$500,000        | 0.3000%       | 1.20%             |
| Next \$500,000         | 0.2250%       | 0.90%             |
| Next \$9 million       | 0.1500%       | 0.60%             |
| \$10 million           | 0.1125%       | 0.45%             |

VennWell's minimum household portfolio size is \$250,000. Although portfolio minimums and advisory fees are not normally negotiable, VennWell retains the discretion to negotiate fees and portfolio size minimums in certain limited or special circumstances.

Accounts for clients in the same household or that are otherwise related may be aggregated for fee calculation and minimum account size purposes. Also, fees may be adjusted or waived for related persons of VennWell and their immediate family members.

### **AOK Advisory Oversight Fees for 401k and 529 College Savings Accounts**

Fees for AOK Advisory Oversight are charged as a percentage of account value. The percentage rate applied is based on the number of investment choices available for the plan, according to the following schedule:

| Number of Funds in Menu | Annual Fee |
|-------------------------|------------|
| 30 funds or less        | 0.40%      |
| More than 30 funds      | 0.60%      |

The fee is calculated quarterly based on the account value at quarter end and are paid quarterly in advance. The initial fee covers account setup as well as our management services for the remainder of the calendar quarter and is not prorated.

### **Financial Planning Fees**

Financial planning fees are calculated based on a charge of \$250 per hour.

The hours necessary to gather and analyze data and to write and present a financial plan will depend on the nature and complexity of the client's personal circumstances.

An effort will be made at the start of the advisory relationship to estimate, to the extent possible, the total hours that might be required to complete the assignment.

Generally, an initial retainer of \$500 is requested upon execution of the Financial Planning Agreement. Remaining fees are due and payable upon presentation of the financial plan.

### **Consulting Service Fees**

Consulting services fees are calculated based on a charge of \$250 per hour.

The length of time it will take to complete a consulting engagement will depend on the nature and complexity of the individual client's personal circumstances.

Generally, an initial retainer of \$500 is requested, and ongoing fees are billed on a monthly or quarterly basis.

### **Payment Methods**

Fees for investment management are paid directly from the account under management or from a designated account at the qualified custodian, unless other billing arrangements are separately agreed. Investment management clients authorize the qualified custodian to deduct from the account and pay to VennWell upon submission the calculated fee for each calendar year quarter. The account statements from the custodian will include all management fees paid to VennWell.

Fees for AOK Advisory Oversight for 401k and 529 College Savings Accounts may be paid at the client's choosing either directly to VennWell from a designated account at a qualified custodian or by check to VennWell.

Fees for Financial Planning and Consulting services are billed directly to clients and paid by check to VennWell.

### **Other Fees and Expenses**

Above and beyond the investment management fee paid to VennWell, clients may be charged relatively small and incidental fees by the qualified custodian, including wire transfer fees of \$15-25, short-term trading fees (\$30-\$200) for mutual fund positions held less than 60-90 days, and a \$20 fee per bond brought into the account for trades conducted through broker-dealers other than the qualified custodian. There are no transaction fees charged to clients whose accounts are custodied at Fidelity Brokerage Services LLC ("Fidelity"); however, clients whose accounts are custodied at Charles Schwab & Co., Inc. ("Schwab") may incur transaction fees for the purchase or sale of certain, but not all, mutual funds. There are no exit fees charged by VennWell or its qualified custodian, Fidelity and/or Schwab. Such fees are exclusive of and in addition to VennWell's fee, and VennWell shall not receive any portion of these fees and costs.

### **Mutual Fund and ETF Fees**

All fees paid to VennWell for investment advisory services are separate and distinct from internal fund fees and expenses as set forth in the prospectuses of those funds, which are paid by the funds but are costs ultimately borne by the investor. VennWell does not purchase funds that impose a front end sales charge, preferring instead to invest in funds that are no-load or load-waived funds. Occasionally, mutual funds purchased by a client or a client's prior investment manager and then moved into a VennWell managed account may impose a deferred or back-end sales charge when sold or an exit fee when an account is closed, all of which are beyond the scope and control of VennWell, and VennWell shall not receive any portion of these fees and costs.

A client could invest in a mutual fund directly, without the services of VennWell. In that case, the client would not receive the services provided by VennWell which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives and the appropriate time at which to hold the fund. Accordingly, the client should review both the internal fees charged by the fund and the fees charged by VennWell to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### **Fee Prepayment and Termination**

An Investment Management agreement may be terminated by the client at any time on written notice to VennWell and by VennWell 10 days after written notice to the client. A client's death, disability or incompetency will not terminate or change the terms of the investment management agreement. However, an executor, guardian, attorney-in-fact or other authorized representative may terminate an Agreement by giving written notice to



VennWell. Upon receipt of written notice and on the effective date of termination, VennWell has no further responsibility for the management of the account and will refund any pro-rata portion of the latest quarterly fee, less any actual costs (short-term trading or redemption fees) incurred in closing the account.

### **Other Compensation Disclosures**

Neither VennWell nor any of VennWell's supervised persons or employees accepts compensation for the sale of securities or other investment products, including, but not limited to, asset-based sales charges or service fees from the sale of mutual funds. Our clients in need of health and/or life insurance, however, may separately engage VennWell's Managing Director to assist them in obtaining such coverage. Please refer to the Section titled "Other Financial Industry Activities and Affiliations" of this Brochure for more detailed information.

### **Performance-Based Fees and Side-by-Side Management**

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VennWell does not use a performance-based fee structure (fees based on a share of capital gains on or capital appreciation of the assets of a client), and it does not offer any Side-by-Side Management arrangements.

### **Types of Clients**

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VennWell provides investment management, financial planning and consulting services to individuals, families, trusts, estates, charitable organizations, corporations, and corporate pension and profit-sharing plans.

## **CONDITIONS FOR MANAGING AN ACCOUNT**

### **Investment Management Services**

VennWell's recommended initial household minimum portfolio size is \$250,000. This account size is negotiable under certain circumstances.

### **AOK Advisory Oversight for 401k Plans**

VennWell does not have a minimum for this service.

### **AOK Advisory Oversight for 529 Accounts**

VennWell does not have a minimum for this service, but the service is typically offered only to investment management clients.

### **Financial Planning**

VennWell requires a minimum fee of \$1,200 for Financial Planning clients. This fee is negotiable under certain circumstances.

### **Consulting Services**

There are no minimum fees or net-worth requirements for Consulting Services clients.

## Methods of Analysis, Investment Strategies and Risk of Loss

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### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating that it may be a good time to buy) or overpriced (indicating that it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Third-Party Money Manager Analysis.*** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic

risk assessment. Additionally, as part of our due diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## **INVESTMENT STRATEGIES**

The firm's investment philosophy is to target productive returns while providing downside protection. VennWell implements this philosophy through strategic portfolio construction, active market surveillance, and timely execution of appropriate defensive strategies. We construct portfolios using no-load and load-waived actively managed mutual funds, passively managed index and exchange-traded funds ("ETFs"), certificates of deposit ("CDs"), individual equities (stocks), and individual municipal bonds and/or individual taxable bonds. We may also at times recommend unrelated third party investment managers when appropriate and as directly authorized by the client.

VennWell allocates among various investments taking into consideration the client's investment objectives and risk preferences. Securities may be bought and sold in block orders and allocated across a number of client accounts. We will not employ hedge funds, options, futures or derivatives.

In selecting mutual funds, VennWell evaluates a fund on a technical, fundamental, and historical basis. We also rely on our historical experience and direct communication with the fund or fund family, the reputation of its management, and the consistency of its performance through varying market cycles.

VennWell selects fixed-income securities with an investment-grade rating or better. We also take into account the maturity and duration of the bond, the industry, and geographic concentrations.

VennWell actively monitors the market and each investment holding and adjusts the composition of the portfolio accordingly. Market surveillance is conducted through subscription services and direct monitoring of market activity. If, in our judgment, a defensive posture is warranted, VennWell may change the mix of the securities in a portfolio to emphasize cash or cash equivalents, or add to a portfolio other securities that perform well in down markets. To this end we may use certain inverse funds or inverse ETFs, which generally produce positive returns when the underlying market declines.

The main sources of information include fund prospectuses, Morningstar reports, written, televised and web-based financial news sources, research materials prepared by others,

filing with the Securities and Exchange Commission, datafeeds from Fasttrack, Worden Brothers, Fidelity and Schwab Portfolio Technologies.

**Investment Risks:** All investment programs have certain risks that are borne by the investor. VennWell's investment approach keeps the risk of loss in mind. However, regardless of the client's objectives and VennWell's investment strategies as outlined above, investing in securities involves risk that clients should be prepared to bear, including the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.

### **Disciplinary Information**

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VennWell and its employees have not been involved in any legal or disciplinary events related to past or present activities.

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

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Purely as an accommodation to its clients who request assistance in obtaining individual and family health insurance coverage or supplemental Medicare coverage, VennWell, through its Managing Director Colleen Chandler, acts as an agent for the purchase of health insurance policies through Blue Cross Blue Shield of Illinois, Humana Corp. of Illinois, and the State of Illinois' Comprehensive Health Insurance Plan of Illinois. Also, as an accommodation to the advisory clients who request assistance in obtaining life insurance coverage, VennWell Advisors LLC, an affiliated company of VennWell, and through its Managing Member, Colleen Chandler, acts as agent for the purchase of life insurance products.

VennWell does not actively solicit health or life insurance clients. A separate, yet customary commission compensation is received resulting from implementing insurance coverage on behalf of advisory clients. The policies in force generate a de minimis amount of revenue for VennWell or VennWell Advisors LLC. Clients are not under any obligation to purchase health care insurance in connection with considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. As such, this activity does not pose a conflict of interest to VennWell's advisory services.

With the exception of the aforementioned insurance-related activities, our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

VennWell and its management persons are not broker-dealers or registered representatives of a broker-dealer and do not have any applications pending to that effect.

VennWell and its management persons do not have any relationship or arrangement that is material to its advisory business or to its clients with any of the following listed types of entities: A broker-dealer, municipal securities dealer, or government securities dealer or broker, other than with Fidelity and its affiliates and/or Schwab as discussed in the Section

titled "Custody," an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund); a futures commission merchant, commodity pool operator, or commodity trading advisor; a banking or thrift institution; an accountant or accounting firm; a lawyer or law firm; an insurance company or agency; a pension consultant; a real estate broker or dealer; or a sponsor or syndicator of limited partnerships, another investment adviser or financial planner.

In limited or specialized cases, VennWell will recommend and work directly with financial advisors with specific expertise, for example, in Special Needs Advisory and Legacy Planning or with unrelated, third-party investment managers when appropriate and as directly and expressly authorized by the client.

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

VennWell has adopted a Code of Ethics that sets forth the high ethical standards of business conduct that VennWell requires of its employees, including compliance with applicable federal securities laws. VennWell's Code of Ethics covers business conduct, insider trading, personal securities transactions, gifts and entertainment, and the confidentiality of client information. The Code of Ethics also includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by VennWell's covered persons. Our code also includes oversight, enforcement and record-keeping provisions. A copy of VennWell's Code of Ethics is available to our advisory clients and prospective advisory clients upon request to Colleen Chandler at VennWell's principal office or via email at [managingdirector@vennwell.com](mailto:managingdirector@vennwell.com).

VennWell does not recommend to clients, or buy or sell for client accounts, securities in which VennWell or a related person has a material financial interest.

VennWell personnel do invest in the same securities that VennWell recommends to clients. VennWell does not believe this is a conflict of interest since these investments are primarily mutual fund shares whose value is set daily based on their net asset value. VennWell personnel do buy or sell securities for their own accounts at or about the same time that VennWell personnel recommend securities to clients. VennWell does not believe this is a conflict of interest since (a) the personal accounts are generally being invested in the same manner as the client accounts and (b) the securities being bought and sold are primarily mutual fund shares whose value is set daily based on net asset value.

### **Brokerage Practices**

#### **Considerations in Selecting or Recommending Broker-Dealers for Client Transactions**

VennWell does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. VennWell recommends custodians based on the proven integrity and financial responsibility of the

firm, best execution of orders at reasonable commission rates, and the quality of client service and sophistication of the technology interface.

VennWell recommends qualified custodians. Fidelity Institutional Wealth Services, sponsored by Fidelity, a registered securities broker-dealer and FINRA member firm, is the primary custodian for VennWell's investment management services accounts. Schwab, likewise a registered securities broker-dealer and FINRA member firm, also serves as a custodian for some of VennWell's investment management services accounts.

VennWell does not receive fees or commissions from its arrangement with Fidelity or Schwab, although we may benefit from electronic delivery of client information, electronic trading platforms and other services provided by custodians for the benefit of clients. VennWell may also benefit from other services provided by custodians, such as research, continuing education, and practice management advice. These benefits are standard in a relationship with custodians and are not received in return for client recommendations or transactions.

Benefits provided to VennWell by Fidelity and Schwab include:

- Dedicated trading desks that services institutional participants exclusively.
- Dedicated service group and a relationship manager dedicated to VennWell's accounts.
- Access to a real-time order-matching system.
- Ability to 'block' client trades.
- Electronic download of trades, balances and positions.
- Access, for a fee, to an electronic interface with customized software.
- Duplicate and batched client statements.
- Confirmations and year-end summaries.
- Ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements).
- Availability of third-party research and technology through 'soft dollar' arrangements.
- Access to Capital Markets' market strategists.
- Access to advice on regulatory matters.
- Access to Fidelity mutual funds, Schwab mutual funds and non-Fidelity and non-Schwab mutual funds.
- Internet access to statements, confirmations and transfer of asset status.
- Access to over 350 mutual fund families and 4,500 mutual funds NOT affiliated with Fidelity or Schwab, of which over 2,000 have no transaction fees.
- Ability to have loads waived for VennWell's clients who invest in certain loaded funds, when certain conditions are met and maintained.
- The ability to have custody fees waived (when negotiated by the adviser and allowed under certain circumstances).

The benefits received through participation in the Fidelity and Schwab programs may depend upon the amount of assets custodied.

### **Brokerage for Client Referrals**

VennWell does not select or recommend broker-dealers in exchange for receiving client referrals.

### **Directed Brokerage**

VennWell requests that clients direct us to place mutual fund, exchanged-traded fund, and stock trades through Fidelity and/ or Schwab. VennWell has evaluated Fidelity and Schwab and believes that both provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

As part of our best-execution practices for fixed-income securities, VennWell seeks to execute individual bond transactions with the broker-dealer with the best combination of price and execution on individual trades, as well as a number of other judgment factors including but not limited to knowledge of the credit, the size of the transaction, and clearance and settlement capabilities.

Trades in mutual funds do not garner any client benefit through directed or block trades. However, when more than one account is trading a particular stock or ETF on the same day, block trading may be used to obtain identical pricing on the trades.

In certain circumstances, and only under mutual agreement by VennWell and a client, a client may direct VennWell in writing to use a particular broker-dealer to execute some or all transactions for an account. In that case, the client will negotiate the terms and arrangements for the account with that broker-dealer, and VennWell will not seek better execution services or prices from other broker-dealers or be able to “batch” transactions for execution through other broker-dealers with orders for other accounts advised or managed by VennWell. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

VennWell reserves the right to decline acceptance of any client account for which the client directs the use of a broker other than Fidelity or Schwab if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account.

Clients should note that, while we have a reasonable belief that Fidelity and Schwab are able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

### **Cross Trades**

VennWell’s policy is to not engage in agency cross-transactions.

VennWell may effect non-agency cross-transactions in fixed-income securities between client accounts when such transactions are in the best interest of each client, consistent with each client's investment strategy, and at an objective market price provided by an independent third party such as Fidelity or Schwab. VennWell does not receive any commissions or compensation in connection with such transactions and believes that these transactions provide benefits to clients.

### **Aggregating Orders**

Transactions for each client account generally will be effected independently, unless VennWell decides to purchase or sell the same securities for several clients at approximately the same time. VennWell may but is not obligated to combine or batch such orders to obtain best execution, to negotiate more favorable transaction fees or to allocate equitably among VennWell's clients differences in prices and commissions or other transaction costs than what might have been obtained had such orders been placed independently.

### **Financial Planning**

VennWell's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker-dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker-dealers and insurance companies for the implementation of financial planning recommendations. VennWell may recommend any one of several broker-dealers. VennWell clients must independently evaluate these broker-dealers before opening an account. The factors considered by VennWell when making such recommendation(s) include the broker-dealer's ability to provide professional services, VennWell's experience with the broker-dealer, the broker-dealer's reputation, and the broker-dealer's financial strength, among other factors. VennWell's financial planning clients may use any broker-dealer of their choice.

### **Trade Errors**

VennWell's policy is to bear responsibility for losses due to "trade errors" caused by it. A "trade error" is generally defined as an error in the placement, execution or settlement of a client's trade. The following are examples of trading errors: buying or selling an incorrect amount of a security, purchasing rather than selling a security or vice versa, trading the wrong security, trading a security for the wrong account, and over allocation of a security. Typically, VennWell's policy when a trade error occurs is to restore the client's account to the position it should have been in had the trading error not occurred. Depending on the circumstance, corrective actions may include cancelling the trade, adjusting an allocation, and/or reimbursing the client's account.

It is important to note that a trade error does not include a situation where VennWell recommends or purchases a particular investment that does not perform as expected.

If a trade error results in a profit, any gains shall be retained by the client. In the event that there are trading errors that arise from a series of transactions being effected at or about the same time for the client's account, for example, through a reallocation of the client's



investment portfolio, and there are both trading error gains and losses, should the amount of the gain(s) exceed the amount of loss(es), e.g., overall, there is a net gain, the client will retain the proceeds equal to the net gain.

## **Review of Accounts**

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### **INVESTMENT MANAGEMENT SERVICES**

**Reviews:** While the underlying securities within Investment Management Services accounts are continuously monitored, these accounts will be reviewed at least monthly by VennWell. Accounts are reviewed in the context of investment objectives and risk/return guidelines. More frequent reviews may be triggered by material changes in the client's individual circumstances, as communicated by the client to VennWell, or the market, political or economic environment. Reviews are conducted by Colleen Chandler, Managing Director.

**Reports:** In addition to the monthly statements and the periodic confirmations of transactions that Investment Management services clients receive from the custodian, VennWell provides quarterly account summaries.

### **FINANCIAL PLANNING AND CONSULTING SERVICES**

**Reviews:** The frequency of reviews, after delivery of the initial financial plan, is individually determined through discussions with each client and is typically triggered by client request. Reviews are conducted by Colleen Chandler, Managing Director. Clients are given the option to return annually or more frequently at their expense and upon their request for an update of their financial plan.

**Reports:** These client accounts will receive reports as contracted for at the inception of the advisory relationship.

## **Client Referrals and Other Compensation**

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**Incoming Referrals** – VennWell has been fortunate to receive many client referrals over the years. The referrals have come from current clients, attorneys, accountants, employees, and other sources. The firm does not pay for referrals.

**Referrals to Other Professionals** – VennWell does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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Fidelity Brokerage Services LLC and/or Charles Schwab & Co., Inc. are custodians for the assets for VennWell's Investment Management Services accounts. Clients receive monthly statements from Fidelity and/or Schwab. VennWell urges clients to carefully review such statements and compare them to the account statements that VennWell will provide quarterly. Our statements may vary from custodial statements based on accounting procedures (specifically accounting for accrued interest) or reporting dates.

## Investment Discretion

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VennWell accepts discretionary authority to manage investment accounts on behalf of clients. VennWell receives from the client a limited power of attorney, within the Investment Management Agreement and within the qualified custodian account application, granting VennWell the authority to select investments and the amount and timing of securities to be bought or sold. Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that we may promptly implement investment decisions. In conjunction with this discretionary authority, VennWell requires that any limitations on this discretionary authority be included in a written statement. Clients may change or amend these limitations as required. Such amendments shall be submitted and accepted in writing. For accounts not held with our main custodians, Fidelity and Schwab, clients may sign a separate limited power of attorney document giving discretionary authority to VennWell. Third-party investment managers have full discretion over trades and do not consult with VennWell or with clients before placing trades.

## Voting Client Securities

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Unless the client designates otherwise, VennWell votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy.

When VennWell has discretion to vote proxies of its clients, it will vote those proxies consistent with the recommendations of the fund or the company's board of directors, and in accordance with VennWell's established policies and procedures.

Clients may obtain a copy of VennWell's complete proxy voting policies and procedures and/or information on share votes by contacting VennWell directly in writing at the firm's principal office or via email at [managingdirector@vennwell.com](mailto:managingdirector@vennwell.com).

***Class Actions, Bankruptcies and Other Legal Proceedings:*** VennWell will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account, including, but not limited to, the filing of Proofs of Claim in class action settlements. If desired, clients may direct VennWell to transmit copies of class action notices to the client or a third party.

Upon such direction, VennWell will make commercially reasonable efforts to forward such notices in a timely manner.

## Financial Information

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VennWell has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and the firm has never been the subject of a bankruptcy proceeding. A balance sheet is not required to be provided herein because VennWell does not serve as a custodian for client funds or securities, other than as described above, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.