



## Charter Oak Capital Management, LLC

Offices in  
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February 7, 2012

This Brochure serves as a replacement to Part II of Form ADV Uniform Application for Investment Adviser Registration, which provides information about the qualifications and business practices of Charter Oak Capital Management and its business for the use of clients and prospective clients.

If you have any questions about the contents of this Brochure, please contact us at (800) 646-5720 or [general@charteroakcm.com](mailto:general@charteroakcm.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.

Charter Oak Capital Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. Since our last filing on March 21, 2011 we have made the following material changes to our Form ADV Part 2A:

### Item 4 & 5

- Financial Planning and Consulting Services-a range of fixed fees has been added.
- Seminars-the new “high net worth” client AUM numbers have been updated.

### Item 7 – Types of Clients

- We have omitted investment companies

### Item 8 – Methods of Analysis, Investment Strategies & Risk of Loss

- Added greater detail of language to the “technical” and “fundamental” methods

In addition to the above changes we have also added in the following:

### Item 6 – Performance-Based Fees and Side by Side Management

### Item 9 – Disciplinary Information

### Item 15 – Custody

### Item 18 – Financial Information

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Jeffrey S. Troiano, Chief Compliance Officer at (800) 646-5720 or [jeffrey@charteroakcm.com](mailto:jeffrey@charteroakcm.com).

Additional information about Charter Oak Capital Management is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Charter Oak Capital Management who are registered, or are required to be registered, as investment adviser representatives of Charter Oak Capital Management.

### Item 3 -Table of Contents

Item 2 – Material Changes .....	ii
Item 3 -Table of Contents .....	iii
Item 4 & 5 – Advisory Business, Fees and Compensation.....	1
<i>Fee Schedule per Relationship</i> .....	2
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Item 9-Discipliary Information .....	6
Item 10 –Other Financial Industry Activities & Financial Affiliations .....	6
Item 11-Code of Ethics, Participation of Interest in Client Transactions and Personal Trading .....	7
Item 12 – Brokerage Practices .....	8
Item 13-Review of Accounts.....	9
Item 14 – <i>Client</i> Referrals and Other Compensation .....	9
Item 15 – Custody.....	10
Item 16 - Investment Discretion .....	10
Item 17 – Voting <i>Client</i> Securities .....	10
Item 18-Financial Information .....	11

## **Item 4 & 5 – Advisory Business, Fees and Compensation**

### **Advisory Services and Fees**

Charter Oak Capital Management, LLC (hereinafter “Charter Oak”), managed since 1998 is formed under the laws of Delaware. Charter Oak is registered with the Securities and Exchange Commission, and the States of Maine and New Hampshire as an investment adviser where physical offices exist. Charter Oak is a fee-only investment management and financial planning firm. The firm does not sell securities on a commission basis. However, there may be some associated persons who are in other fields and receive commissions as compensation. The firm is not affiliated with entities that sell financial products or securities. Charter Oak’s primary services are managing investment portfolios on behalf of clients who grant Charter Oak discretionary investment authority, providing comprehensive financial planning services for clients, including furnishing advice to clients on matters not involving securities. Individuals provide investment advisory services are known as Investment Adviser Representatives (IARs). These individuals are appropriately licensed, qualified and authorized to provide advisory services on Charter Oak’s behalf. Some persons associated with Charter Oak are also registered representatives of Purshe Kaplan Sterling Investments (“PKS”) a licensed full service securities broker/dealer. Purshe Kaplan Sterling is a member of the Financial Industry Regulatory Authority (FINRA).

### **Portfolio Management Services**

Charter Oak provides discretionary portfolio management services on a continuous basis where the investment advice is based on the individual needs of the particular client as set forth in the client’s Investment Policy Statement (“IPS”) or other guiding investment principals. Charter Oak performs various functions without further approval from the client. Such functions include assessment of the clients’ goals and risk tolerance, preparation of an investment plan based on the client goals and constraints, execution of trades in accordance with the investment plan. Once the portfolio is constructed, Charter Oak provides continuous supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require. In addition, Charter Oak provides quarterly reporting of portfolio positions and performance, and a review with the client their portfolio and reassessment of goals and risk tolerance. In limited circumstances, Charter Oak may enter into non-discretionary arrangements with its clients where Charter Oak obtains client approval prior to the execution of a trade. Generally, the Account assets shall be held by Fidelity or Schwab as custodian (the “Custodian”), pursuant to a separate agreement between the Custodian and the Client. In addition to the advisory fee, there maybe transaction charges involved when purchasing or selling securities or annual maintenance fees that encompass transaction costs. A complete disclosure of all fees charged to clients will be provided in a supplemental disclosure document provided with the account opening documents. A written confirmation of each transaction including all transaction charges will be sent to the client immediately following execution either by

mail or electronically, unless the client has given written approval not to receive such notification. The Custodian will also provide to client, at least quarterly, a written or electronic statement showing beginning and ending portfolio values as well as all advisory fees, and any and all monthly fees deducted from the Account. The custodian will provide such statements to both the client and the Advisor. The annual fee for portfolio management services is assessed quarterly in advance based on the value of the assets under management on the last day of the quarter, prorated in the event the portfolio management agreement is executed at any time other than the first day of a billing period and for withdrawals and additions over the quarter. In addition, Adviser may also reduce or waive management fees for its personnel, household members of the Adviser's personnel, and the family or friends of the Adviser's personnel. Generally, Charter Oak requires a minimum quarterly fee of \$375. On an annualized basis, Charter Oak's fee for portfolio management is subject to negotiation, not to exceed 1.50% of assets under management.

***Fee Schedule per Relationship***  
(Minimum Fee is \$375 per quarter)

Assets under Management	Fee
First 250,000	1.50%
\$250,000 to \$500,000	1.35%
\$500,000 to \$1,000,000	1.00%
\$1,000,000 to \$1,500,000	0.85%
\$1,500,000 to \$2,500,000	0.70%
\$2,500,000 to \$5,000,000	0.55%
\$5,000,000 TO \$7,000,000	0.50%
\$7,000,000 AND UP	0.40%

The fees charged are calculated as described above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

Charter Oak will either invoice the client directly for management fees or payment will be made by the qualified custodian holding the client's funds and securities provided the client provides written authorization permitting the fees to be paid directly from their account. Charter Oak will not have access to client funds for payment of fees without client consent in writing. Either party, upon written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be returned.

Fees are subject to change upon the Adviser giving the Client thirty days written notice. The Client has the option of accepting the new fee schedule or terminating this Agreement pursuant to the termination provisions set forth in their Investment Advisory Agreement. Generally, Charter Oak's fees are exclusive of brokerage commissions, transaction fees, and

other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Advice offered by Charter Oak may involve investment in mutual funds or Exchange Traded Funds. Clients are hereby advised that all fees paid to Charter Oak for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or Exchange Traded Funds (described in each Mutual Fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. Charter Oak does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, Charter Oak, and others to fully understand the total amount of fees to be paid by the client. Such charges, fees and commissions are exclusive of and in addition to Charter Oak's fee, and Charter Oak shall not receive any portion of these commissions, fees, and costs.

Charter Oak does not represent warranty or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

### **Retirement Plan Consulting Services**

Charter Oak provides consulting services to individual participants of Retirement plans, and other qualified plans. In general, these services will consist of asset allocation advice, investment monitoring, or on-going management services. The annual fee for these consulting services is billed quarterly in advance based upon the market value of the assets on the beginning of the first day of the quarter. On an annualized basis, Charter Oak's fee is subject to negotiation, not to exceed 1.50% of assets under management. Fees will be assessed pro rata in the event the agreement is executed at any time other than the first day of a billing period. Charter Oak will provide consulting services to the plan participants as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as Charter Oak recommends. Either party may terminate the agreement by providing written notice to the other party. In the event there are any prepaid unearned fees, Charter Oak will promptly refund a pro rata share to the client.

Charter Oak shall never have custody of any client funds or securities, as the services of an independent custodian will be used for these asset management services.

### **Financial Planning and Consulting Services**

Charter Oak also provides financial planning services, which typically involves providing advice to clients on matters not involving securities such as cash flow & budgeting, retirement goal setting, insurance and risk management needs analysis, wealth transfer

strategies, and tax and estate planning. Charter Oak may also provide investment-related consulting services to clients that may include, but are not limited to, advice on existing or potential investment products, account re-balancing, education funding, and/or asset allocation. As part of the services provided, various life, health, and disability insurance policies may be reviewed and offered. The client understands that a commission may be paid to the IAR, in their capacity as a licensed insurance agent, in the event the advisory client has cause to purchase or exchange any policy. The fee for such services would be provided as part of either a mutually agreed upon flat-fee from \$1,000 up to \$5,000 or billed on Charter Oak's hourly rate of \$250. When the scope of the financial planning or consulting services has been agreed upon, a determination will be made as to the applicable fee. The final fee, subject to negotiation, is directly dependent upon the facts and circumstances of the client's financial situation and the complexity of the financial plan or service(s) requested. One half of the fee is due and payable in advance with the balance due on completion of the contracted services. *In limited circumstances*, the cost/time could potentially exceed the initial estimate. In such cases, Charter Oak will notify the client and may request that the client pay an additional fee. Either party may terminate the financial planning agreement by providing written notice to the other party. In the event there are any prepaid unearned fees, Charter Oak will return a pro rata share to the client.

## **Seminars**

Seminars may be presented for the general public from time-to-time normally at no charge. There are, however, certain instances where a fee may be charged for admission; such fee will not exceed \$500 per person. Under such arrangements, the fee would be payable at the entrance and is non-refundable.

Amount of Assets upon Which Investment Advice is Provided. As of December 31, 2011 Charter Oak provides advice on approximately \$157,749,855 of discretionary assets under management and \$29,573,665 of non-discretionary assets under management for total of approximately 725 family households. Family households may consist of more than one client (i.e., client and spouse, plus one or more adult or minor children, trusts, and defined benefit plans for which the client serves as a sponsor). Of these family households, approximately half contain a "high net worth" client (i.e., generally, more than \$1 million of assets under advisement or net worth exceeding \$2 million (not including the primary residence)). These statistics do not include assets upon which advice is given for Charter Oak associated persons and their immediate families.

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

Charter Oak Capital Management does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are disclosed above.

## **Item 7 – Types of Clients**

Charter Oak provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, corporations or other business, trusts, estates, and charitable organizations.

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

“Investing in securities involves risk of loss that clients should be prepared to bear.”

Charter Oak Capital Management employs charting, fundamental, technical analysis and analysis of economic, market, industry, firm, and product cycles and trends to evaluate investments and manage portfolios.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Typical sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, financial news and quotation services, financial data providers, and analyst research reports.

Charter Oak continually adapts its investment strategies to market conditions and individual client needs. The investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least a year), short term purchases (securities sold within a year), and trading (securities sold within 30 days). Charter Oak does not make short sales or engage in margin transactions for client except in special circumstances and at a client’s specific request. It occasionally executes option transactions at the request of client’s, but does not employ options or other derivatives in accounts over which it has discretionary investment authority.

All investment programs have certain risks that are borne by the investor. Our Investment approach keeps the risk of loss in mind. Certain market risks may include but not limited



to: competition, market volatility, accuracy of public information, volatility of currency prices, loss of principal risk, interest-rate risk, and inflation risks. Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio. In addition, regulatory risks may include but are not limited to: strategy restrictions, trading limitations, tax risks and conflicts of interest.

### **Item 9-Disciplinary Information**

Investment Adviser Representatives are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation and integrity of Charter Oak Capital Management. Jeffrey Troiano had one occurrence of a customer complaint involving a variable annuity which was settled on August 12, 2010. No other Investment Adviser Representatives of Charter Oak Capital Management have a history of disciplinary action.

### **Item 10 –Other Financial Industry Activities & Financial Affiliations**

Some associated persons are registered securities representatives of Purshe Kaplan Sterling Investments ("PKS") a registered broker-dealer, member of the Financial Industry Regulatory Authority ("FINRA"). In these capacities associated persons of the Adviser may recommend securities, insurance, advisory or other products, and receive normal securities transactions commissions if products are purchased through Purshe Kaplan Sterling Investments. Thus, a conflict of interest exists between the interests of the associated persons and those of the advisory clients. These associated persons will address this conflict of interest by disclosing to his/her clients prior to initiating any transactional related business that by utilizing these services in this capacity client will incur additional expenses. These expenses are explained to the client in advance of offering these services. In addition, some associated persons are also license and registered as an insurance agent to sell life and long term care insurance for various insurance companies. Therefore, these associated persons will be able to purchase insurance products for any client in need of such services and will receive separate, yet typical compensation in the form of commissions for the purchase of insurance products. This creates a conflict of interest. A conflict of interest exists because of the receipt of additional compensation to the associated person. To mitigate this conflict, all fees associated with the purchase of an insurance product will be disclosed to clients prior to initiating the transaction. Clients are not obligated to use Charter Oak Capital Management, LLC or these associated persons for insurance products services. However, in such instances, there is no advisory fee associated with these insurance products.

Clients are under no obligation to implement any recommendations that any of the associated persons may make in their capacity as a registered representative of a broker-

dealer or licensed insurance agent. In addition, associated persons are also insurance agents/brokers of various insurance companies.

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

Charter Oak has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Charter Oak must acknowledge the terms of the Code of Ethics annually, or as amended.

Charter Oak's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jeffrey Troiano.

Charter Oak anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Charter Oak has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Charter Oak, its affiliates and/or clients, directly or indirectly, have a position of interest. Charter Oak's employees and persons associated with Charter Oak are required to follow Charter Oak's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Charter Oak and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Charter Oak's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Charter Oak will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Charter Oak's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Charter Oak and its clients.

## Item 12 – Brokerage Practices

Investment Adviser Representatives of Charter Oak will recommend Fidelity, Schwab, or Purshe Kaplan Sterling Investments to advisory clients in need of brokerage and custodial services. Charter Oak believes that these firms provide a full range of investment and other financial services at rates that are generally no higher than comparable services in the financial services community. Client may execute transactions through associated persons of Charter Oak as registered representatives of Purshe Kaplan Sterling. However, clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through Charter Oak or such broker or Custodian as Charter Oak recommends.

In selecting brokers or dealers to execute transactions, Advisors will seek to achieve the best execution possible but this does not require it to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is the policy and practice of the Adviser to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that the Adviser may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e), and the Adviser makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, the Adviser will take into account the financial stability and reputation of brokerage firms and the brokerage services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. The Adviser has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities.

Charter Oak does not receive research or other products or services other than execution from a broker-dealer or third party as a result of client securities transactions.

### *Directed Brokerage*

Some clients may instruct Charter Oak to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct the Firm to use a particular broker should understand that this may prevent Charter Oak from aggregating trades with other clients and from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent Charter Oak from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that Charter Oak would otherwise obtain for its clients.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Charter Oak urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Charter Oak's practice is to analyze and trade client accounts individually therefore there is no opportunity to initiate trades for multiple accounts at the same time. The practice of aggregation is not applicable.

Generally Charter Oak restricts account/households to a \$250,000 minimum of managed assets and a minimum annual fee of \$1,500 or \$375 quarterly, however Charter Oak reserves the right to accept relationships at lower levels if Charter Oak deems appropriate.

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

Each investment account is generally reviewed at least quarterly. Accounts are reviewed for consistency with the investment strategy and performance. Reviews may be triggered by changes in an account holder's personal, tax or financial status. Macroeconomic and company specific events may also trigger reviews.

Reviews are performed by Jeffrey Troiano, Eugene Akerberg, Todd Cesca, Karen Zaramba, Lena Wyand, or Samuel Reid. There currently is no limit on the number of accounts that can be reviewed by the associate.

Clients with accounts managed by Charter Oak Capital Management and custody at firms for which Charter Oak has a relationship normally receive brokerage statements monthly, but no less than quarterly either by mail or electronically. Charter Oak Capital Management sends quarterly performance reports and bills to clients within 30 days of the close of a calendar quarter.

### **Item 14 – *Client Referrals and Other Compensation***

Investment Adviser Representatives may sell insurance products, including, but not limited to, life, health, and long term care products, and will receive additional compensation, in the form of commissions, on the sale of such products. IARs may also receive 12b-1 distribution fees from investment companies (mutual funds) in connection with the placement of clients' funds into investment companies in their capacity as registered representatives of Purshe Kaplan Sterling Investments.

Charter Oak and its related persons restrict its compensation solely and exclusively to the professional fees it receives directly from clients. Neither Charter Oak nor any of its employees will accept any sales commissions, referral fees, or soft dollars. Charter Oak and its employees will not accept prizes, travel, gifts or meals valued in excess of \$100 from any financial product vendor, custodian or other financial service provider. Charter Oak does not receive any compensation from investment companies and does not have an arrangement for receiving compensation for client referrals.

### **Item 15 – Custody**

Charter Oak Capital Management does not take custody of client funds or securities. Clients should receive monthly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Charter Oak Capital Management urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Charter Oak Capital Management statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Charter Oak usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Charter Oak observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Charter Oak's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to Charter Oak in writing.

### **Item 17 – Voting *Client* Securities**

Charter Oak, with written client permission, will vote proxies and will take any action or render any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which assets of the Client may be invested. In addition, Charter Oak will not take any action or render any advice with respect to any securities held by the Client which are named in or subject to class action lawsuits. Charter Oak will however, forward to Client any information received by Charter Oak regarding class action legal matters involving any security held by the Client.

Without written Client permission, Charter Oak will not be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client assets may be invested. Although Charter Oak may, on rare occasions and only at the client's request, offer clients advice regarding corporate actions and the exercise of proxy voting rights.

#### **Item 18-Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about Charter Oak Capital Management's financial condition. Charter Oak Capital Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.