

Item 1 – Cover Page

# SUSTAINABLE Wealth Management

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March 23, 2015

This Brochure provides information about the qualifications and business practices of Sustainable Wealth Management. If you have any questions about the contents of this Brochure, please contact us at 541-345-5669 or [diane@SustainableWealth.com](mailto:diane@SustainableWealth.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.

Sustainable Wealth 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 Sustainable Wealth Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since our last annual update dated June 2014 there have been no Material Changes

Currently, our Brochure may be requested by contacting Diane Greenwood, Chief Compliance Officer at 541-345-5669x2 or [diane@SustainableWealth.com](mailto:diane@SustainableWealth.com). Our Brochure is also available on our web site <http://www.sustainablewealth.com/forms.htm> at any time free of charge.

### Item 3 -Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	1
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients.....	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	3
Item 9 – Disciplinary Information .....	4
Item 10 – Other Financial Industry Activities and Affiliations.....	4
Item 11 – Code of Ethics.....	6
Item 12 – Brokerage Practices .....	8
Item 13 – Review of Accounts .....	10
Item 14 – Client Referrals and Other Compensation.....	10
Item 15 – Custody .....	10
Item 16 – Investment Discretion.....	11
Item 17 – Voting Client Securities.....	11
Item 18 – Financial Information.....	12

## **Item 4 – Advisory Business**

### **Description of Advisory Services and Fees:**

**Sustainable Wealth Management LLC** (“SWM”) was founded in 2005 by Managing Partner, Scott L. Pope, CFP®, as an independent registered investment adviser firm. Since its beginning, Scott L. Pope CFP®, has been the principal owner of Sustainable Wealth Management LLC.

Sustainable Wealth Management primarily performs investment advisory services by investing for its clients in the U.S. domestic equity space with an emphasis on Socially Responsible Investing and Environmental Social Governance. In addition SWM provides financial planning services to all clients. SWM began managing domestic equity and fixed income accounts in 2005 and serves a diverse range of high net worth individuals, corporate pensions, foundations, and endowments. SWM is generally authorized to select appropriate securities and determine the timing of purchases and sales.

While clients within the same investment product are managed similarly, our clients are free to impose reasonable restrictions that would preclude us from investing a client’s assets in certain securities or sectors. Generally speaking, such restrictions are not deemed to hinder our discretion.

**Financial Planning and Consulting Services;** Sustainable Wealth Management may provide Financial Planning Services, which may include collection of financial data, development of income and net worth statements, estate analysis, income tax analysis, investment analysis and preparation of a financial plan. Services are offered under our advisory agreement.

**Sub-Advisors:** SWM has agreements with another Registered Investment Adviser to provide SWM clients with investment advisory services. SWM remains the client relationship manager and investment advisor and shares fees with the SubAdvisor. Services are offered through the appropriate SWM advisory agreement. SubAdvisor manages such accounts on a discretionary basis. Clients under a SubAdvisor relationship receive statements from the custodian who holds the account as well as reports from SWM. Clients entering into a SubAdvisor relationship through SWM should receive and review the SubAdvisor’s brochure. SWM encourages clients to promptly review these documents. Clients may also review information on the SubAdvisor on the SEC website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

As of March 23, 2015 Sustainable Wealth Management manages \$191,398,465 in assets for its clients, all but \$8,705,422 is managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

Fees are negotiable and vary from the schedules below to reflect circumstances that may apply to a specific client or account. SWM may impose minimum fees or fee equivalents above or below those stated herein for client accounts depending on a number of factors, including the type of client, type of mandate, changing market conditions, and pre-existing relationships. Such minimum fees may be increased or decreased depending on the specific circumstances of an individual client or account.

SWM manages two classes of portfolios based on the type of investments in the portfolios:

1) Portfolios Managed By Investing Primarily In Individual Securities:

The minimum account size for this type of portfolio is generally \$1,000,000. SWM's management fees are based on the market value of assets in the account. These fees are generally computed as follows:

<u>Assets</u>	<u>Annual Fee</u>
For the first \$1 million in the account	1.25%
For amounts from \$1 million to \$5 million	1.00%
For amounts over \$5 million	.80%

2) Portfolios Managed by Investing Primarily in Mutual Funds (the "Mutual Fund Portfolios"):

SWM's management fees for these types of portfolios are 1.00% per year, computed on the market value of assets in the account. As of December 31, 2006 SWM no longer accepts new clients of this account type.

SWM has the discretion to invest the Mutual Fund Portfolios in various mutual funds.

To the extent that a Mutual Fund Portfolio is invested in mutual funds, the Mutual Fund Portfolio will be charged both SWM's advisory fee and the annual fund management fee that is not shared with SWM. In addition, the Mutual Fund Portfolios may be charged a commission or transaction fee (not shared with SWM) when the fund purchase is made. Finally, with respect to all mutual funds, shareholders indirectly pay a proportionate share of the mutual fund's fees and charges. When considering an investment in a mutual fund, SWM will endeavor to use a no-load, open-end fund when appropriate and will evaluate the relative annual costs as a part of the decision process. Clients should review both the fees charged by mutual funds and the fees charged by SWM to fully understand the total amount of fees to be paid by the client to evaluate the advisory services being provided.

All of SWM's accounts are billed within 30 days of quarter end based on quarter end value. Fees are payable, quarterly in advance, with payment due within 10 days from the date of the invoice. Fees for partial quarters at the commencement or termination of the agreement will be prorated based on the number of days the account was open during the quarter. Unless SWM and the client agree otherwise, SWM's management fees will be paid directly from client accounts. Payment of fees may result in the liquidation of client securities if there is insufficient cash in the account to pay the fees.

The specific manner in which SWM charges fees is established in the client's written agreement with SWM. SWM will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize SWM to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. SWM'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, electronic fund fees, other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to SWM's fee, and SWM shall not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that SWM considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Sustainable Wealth 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).

### **Item 7 – Types of Clients**

SWM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations and endowments. Our minimum opening account balance is \$1,000,000.

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

SWM strongly believes that superior investment results are gained by promoting comprehensive investment management services, utilizing socially responsible investment strategies with a blend of comprehensive research. For the equity portion of our managed accounts, equity management begins with appropriate sector allocation. As a benchmark, we utilize the ten industry sectors as defined by Standard & Poor's (S&P). Based on our assessment of each sector's long-term risk and return potential, we either over or under-weight each sector accordingly. Within each industry sector, we select companies to invest in that meet our criteria of environmental, social, sustainable and financial leaders. We invest primarily in large and mid-cap companies but may occasionally invest in small-cap equities only if they meet our standards of safety and liquidity.

Investment risk is also managed through diversification across sectors and within sectors. A typical portfolio will hold 30-40 stocks. We generally limit any single equity position to no greater than 5% of the total portfolio value. We do not engage in risky practices such as the short selling of stocks, nor do we invest in derivative securities or futures contracts.

When analyzing stocks financially, we examine fundamental measures such as price-to-earnings ratio, debt-to-capital ratio and cash flow return on investment. Our style is best described as "Growth at a Reasonable Price" (GARP). Portfolio turnover is typically low, income tax efficient and stocks are generally eliminated only when a company's business model undergoes a significant change that deviates from our original basis for investment. We closely monitor the long and short-term tax effects of our trading.

For the fixed income portion of accounts, fixed income securities are fully invested at all times. We employ a "buy-and-hold" strategy with swapping to add value based on our interest rate outlook, the current yield curves, clients tax situation and/or the availability of a relatively favorable bond. Bond portfolios will typically have a 7-10 year weighted average maturity.

We invest only in investment grade securities (rated BBB and above by Standard & Poor's). Our average rating is near A+. We invest mainly in U.S. Government Agency securities, taxable municipals and tax-free municipal bonds. A client's tax situation is the determining factor as to which types of securities are used.

For clients interested in placing part of their fixed income allocation in community investments, we facilitate the investment in bank certificates of deposit and/or community loan fund promissory notes.

Fixed Income Securities benchmark: Barclays Capital Intermediate US Government/Credit Index

Investing in securities involves risk of loss, and clients should be prepared to bear such risk.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SWM or the integrity of SWM's management. SWM has no information applicable to this Item.

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

**Insurance Agent**, Scott L. Pope, CFP®, is licensed as an insurance agent, providing analysis of and recommending the purchase and sale of life and health insurance products. This licensing is in addition to registration as a registered investment advisor. SWM may receive a commission or other forms of compensation in connection with such sales. Advisors designated to sell insurance may devote as much as 2% of their time on this activity. Clients are not obligated to use SWM as their insurance agent, or to use any recommended insurance transaction.

#### **Additional Compensation**

SWM receives economic benefit in the form of commissions for Life and Long Term Care health insurance transactions by clients. As previously disclosed, clients are not obligated to use any recommended insurance company, agency or broker.

#### **Group Variable Annuities**

As an insurance agent, Scott L. Pope, CFP®, may recommend (and sell) group variable annuities when suitable for clients. Annuities are sold through qualified and licensed individuals of SWM. The recommendation and sale of group variable annuity contracts is an insurance service. This recommendation is provided solely by Scott L. Pope's capacity as an insurance agent. He does not utilize any investment advisory contract or agreement when selling these products. SWM's sole

compensation for the insurance sale is a commission and/or trails on the fund sub-accounts under the group variable annuity. The client is not required or obligated to purchase group variable annuities from SWM or any of our insurance licensed employees.

### **Charles Schwab & Co.**

As stated in Item 12, SWM utilizes the services of Charles Schwab & Co.,. Through Charles Schwab & Co., we receive direct access to real-time client account information, electronic download of trades, balances and positions and the ability to directly debit advisory fees payable. SWM receives software and support services, including reductions in seminar and conference fees from Charles Schwab & Co.,. Program services provided to us are not contingent upon any specific amount of business (assets or trading).

SWM recommends that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. SWM is independently owned and operated and not affiliated with Schwab. Schwab provides SWM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon Advisor committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For SWM's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab also makes available to SWM other products and services that benefit SWM but may not benefit its clients' accounts. Some of these other products and services assist SWM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of SWM's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of SWM's accounts, including accounts not maintained at Schwab Advisor Services. Schwab also makes available to SWM other services intended to help SWM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to SWM by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SWM.



While as a fiduciary, SWM endeavors to act in its clients' best interests, and SWM's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to SWM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **Item 11 – Code of Ethics**

SWM performs investment advisory services for various clients and may give advice and take action with respect to any of its other clients or for itself, which may differ from advice given, or the timing or nature of the action taken with respect to other accounts. Transactions in a specific security may not be accomplished for all accounts at the same price or the same time.

SWM and its employees may invest for their own accounts in the same securities in which SWM's clients are invested. Limitations on personal securities trades by SWM's advisory personnel are set forth in SWM's Code of Ethics summarized below.

#### **Summary of SWM's Code of Ethics:**

SWM adopted a Code of Ethics, which applies to all SWM employees. Compliance with the Code of Ethics is a condition of their employment with SWM. The Code of Ethics is part of SWM's Compliance Manual and is administered and enforced by SWM's Chief Compliance Officer (the "Compliance Officer").

The Code of Ethics requires SWM and its employees to: (1) comply with applicable federal and state securities laws; (2) fulfill their fiduciary duty to SWM's clients; (3) sign and submit to the Compliance Officer acknowledgment of having received a copy of the Compliance Manual (and any amendments); and (4) report any violation of the Compliance Manual to the Compliance Officer as soon as possible.

The Compliance Officer or her designee must pre-approve: (1) employees' participation in any private placements; (2) employees' service on a board of directors of any public company; and (3) employees' personal transactions in "covered securities" (i.e., securities included in SWM "model portfolio", or securities included in the portfolio of any existing clients). SWM employees cannot invest in any initial public offering.

Any employee wishing to effect a transaction in a covered security must follow the preceding steps to obtain clearance for such transaction: (1) verify that SWM is not and does not plan to trade in the covered security for any client accounts before closing of the New York Stock Exchange (2) confirm 30 minutes prior to the closing of the New York Stock Exchange requesting final clearance.

Certain requirements of the Code of Ethics apply only to those employees who either: (1) have access to nonpublic information regarding clients' purchases or sales of securities; or (2) are involved in making securities recommendations (the "Reporting Employees"). Each Reporting Employee must submit to the Compliance Officer the following reports:

1) Reports of "securities" (as defined below) beneficially owned by the Reporting Person, setting forth certain information as of a date no more than 45 days prior to the date of the report. These ownership reports must be submitted: (a) no later than 10 days after an individual becomes a Reporting Person; and (b) by February 15 of each subsequent year.

2) Monthly reports of transactions in securities (as defined below) beneficially owned by the Reporting Person, other than transactions effected pursuant to an automatic investment plan. A transactions report must be submitted no later than 10 business days after the end of each month and must include certain specified information with respect to transactions made in that month. To comply with this reporting requirement, a Reporting Employee must instruct his or her broker to send duplicate statements of the Reporting Employee's transactions to SWM.

The term "securities" does not include obligations of the U.S. government, liquid investments (i.e., bankers' acceptances, CDs, commercial paper and high-quality, short-term debt instruments), shares of money funds, and domestic open-end mutual funds unaffiliated with SWM.

The Compliance Officer is responsible for making sure that each report and duplicate broker statement submitted by a Reporting Employee is reviewed. SWM will provide a copy of its Code of Ethics to any current or prospective client upon request.

SWM 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, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons at SWM must acknowledge the terms of the Code of Ethics annually, or as amended.

SWM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which SWM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which SWM, its affiliates and/or clients, directly or indirectly, have a position of interest. SWM's employees and persons associated with SWM are required to follow SWM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of SWM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for SWM clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of SWM 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 SWM 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 SWM and its clients.

SWM clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Diane Greenwood, the Chief Compliance Officer.

It is SWM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

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

SWM's management discretion includes the selection of the security, the amount to be purchased or sold, the broker or dealer to be used, and the commission rate to be paid. SWM selects brokers on the basis of the following factors: (1) competitive commission rates; (2) the level of efficiency and professionalism of services; (3) past operating history and reputation; (4) execution capabilities; (5) access to the markets for the securities being traded; (6) financial stability and (7) any other factors SWM considers to be relevant. Commission rates paid may be higher than the lowest commission rate available. Custodians of client assets generally charge a minimum fee for each transaction in the client's account. Because of this minimum fee, it often is not economically feasible to select any broker other than the client's custodian for trades of equity securities.

Clients may direct SWM to select specific brokerage firms or place assets with a specified broker or custodian. In some cases, this request may result in higher commissions and/or less favorable executions on some transactions than SWM might otherwise be able to attain as SWM will not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution.

SWM requires each client to have a third-party custodial relationship. A custodian can be a bank, trust company or brokerage firm. A client may obtain a better fee by using a brokerage firm but needs to review the rest of this Schedule F as to other consequences.

SWM may suggest a broker for a client to use as a custodian. SWM suggests brokers that meet high standards of recordkeeping, trade execution and research and that charge competitive commissions. SWM receives no compensation for suggesting a particular broker. However, custodians recommended by SWM provide electronic information to SWM concerning each of SWM's clients whose assets are

custodied with that broker, including the assets in the client's account, the transactions effected in the account and current pricing for assets in the account. This information benefits SWM and enables SWM to more quickly and accurately service its clients.

For accounts of SWM's clients custodied at Charles Schwab & Co., Schwab, will not charge the client separately for custody but will receive compensation from SWM's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed by other broker-dealers are in addition to the fee charged by the other broker-dealer. Thus, SWM has an incentive to cause trades for clients custodied with Schwab to be executed through Schwab rather than another broker-dealer. Trades for such clients may be executed through a different broker-dealer than trades for SWM's other clients. Accordingly, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed by other broker-dealers. SWM acknowledges its duty to seek best execution of trades for client accounts.

Practice is to aggregate contemporaneous buy or sell orders for the same securities, with applicable accounts participating in the aggregated order on a pro rata basis. Occasionally, an aggregated order may only be partially filled. Under such circumstances, the transaction, to the extent feasible, will be allocated among the applicable clients on a pro rata basis. Exceptions to the pro rata allocation of partially filled orders may occur for several reasons, including, but not limited to, avoidance of odd lots or de minimis numbers of shares and sensitivity toward the total transaction cost to be incurred by the client. When partially filled orders cannot be allocated on a pro-rata basis, SWM will allocate the trades blindly to the accounts participating in the trade allocation. There may be instances when partially-filled orders may adversely affect the size of the position or the price paid or received by a client, as compared with the size of the position or price that would have been received had no aggregation occurred.

### **Prime Brokerage**

For many clients, we currently have the discretionary authority to pick a broker other than your broker custodian to execute a trade. Each trade placed at a broker other than your selected custodian costs \$25.00, which is charged by the custodian to settle the trade. This is in addition to any mark up or mark down that may be paid to the broker-dealer we select to purchase or sell the security. Clients must qualify for prime brokerage to participate in these transactions. To qualify for prime brokerage transactions, the client must have a minimum portfolio value of \$100,000 or more and sign the appropriate prime brokerage paperwork with the custodian. We use this discretionary authority to trade away from the custodian when purchasing or selling fixed income securities only. It is not used in all cases. Reasonable restrictions on this authority may be imposed, as described above.

## **Trade Errors**

If a trade error occurs in a client account and is our error, it is our intent to leave profits with the client if the transaction is suitable. If it is not suitable, we will contact the client to determine if the trade error profit can be ethically retained. Clients that select Charles Schwab & Co., as their broker custodian should be aware that Charles Schwab & Co., will keep all trade error profits on an error regardless of who caused the error. If a trade error results in a loss, the client will be made whole by the party who caused the error.

### **Item 13 – Review of Accounts**

Each client account is reviewed monthly by Senior Investment Advisor Scott L. Pope CFP®. More frequent reviews are triggered by client deposits/withdrawals, client gifting, changes in market conditions, changes in opinion for one or more companies in our portfolios and appreciation or depreciation of individual holdings. Our computer system allows accounts to be reviewed simultaneously in such event. Accounts are also reviewed on a monthly basis by Bryceson R Charlton, Research Analyst, to monitor each portfolio's compliance with its specific asset allocation investment guidelines.

Client Financial Plans are reviewed periodically as requested by clients.

SWM furnishes clients with written reports, no less than quarterly, that detail portfolio holdings, performance, and comparison to a relevant benchmark.

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

Sustainable Wealth Management provides no compensation for client referrals.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SWM urges clients 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, form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed by other broker-dealers are in addition to the fee charged by the other broker-dealer. Thus, SWM has an incentive to cause trades for clients custodied with Schwab to be executed through Schwab rather than another broker-dealer. Trades for such clients may be executed through a different broker-dealer than trades for SWM's other clients. Accordingly, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed by other broker-dealers. SWM acknowledges its duty to seek best execution of trades for client accounts.

## **Item 16 – Investment Discretion**

SWM 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. Discretion is provided by signing a Service Agreement and a Limited Power of Attorney for the Brokerage firm being managed. 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, SWM observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to SWM in writing.

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

### **Summary of SWM's Proxy Voting Policy**

Sustainable Wealth Management LLC, pursuant to Rule 206(4)-6 under the Investment Advisers Act, and in keeping with its fiduciary obligation to clients who delegate such responsibility to us, recognizes its duty to vote proxies for securities that form its clients' portfolios. SWM undertakes this task in an informed and responsible manner in order to ensure the maximum shareholder benefit. SWM believes that each proxy should be analyzed in a case-by-case basis in order to determine its impact on shareholders. While our proxy policy serves as a useful guideline, each issue is judged on its own merit in order to reach the most objective conclusion. All proxies pertaining to a certain security are voted identically by us for all clients who carry that holding in their portfolio. A client who wishes to direct our vote in a particular solicitation is free to contact us in an effort to do so (although this situation has never arisen).

SWM generally has authority to vote proxies on behalf of its clients. SWM has established a written proxy voting policy setting the standards and guidelines for voting clients' proxies and acting with respect to other shareholder actions (i.e., tender offers, exchanges, class actions, etc.) in compliance with investment advisor rules and regulations.

The proxy voting policy states that, in voting clients' proxies or acting on any corporate actions, SWM's greatest concern is to further the clients' best interest (and, for ERISA accounts, the best interest of plan beneficiaries and participants). Diane Greenwood, Chief Compliance Officer, and Bryceson R. Charlton, Research Analyst, are responsible for: (1) ensuring that all proxies received are timely voted in the best interest of the clients and consistently for similarly situated accounts; and (2) monitoring corporate actions. In addition, Bryceson R. Charlton is responsible for identifying any potential conflicts of interest arising in connection with a proxy proposal or any corporate action. If the subject matter of any proxy creates a conflict of interest between SWM and any of its clients, the proxy voting policy resolves such conflict as follows: (1) SWM will vote in accordance with predetermined guidelines stated in the proxy voting policy ("Guidelines"); (2) SWM will request clients' consent to the vote, upon disclosure to the clients of the subject matter of the proxy, the nature of the conflict, and the proposed voting decision; or (3) clients may direct SWM to forward proxies involving a conflict of interest to a specified independent third party for the third party's review and recommendation.

Under the Guidelines, SWM generally will vote in favor of progressive and socially responsible policies and actions promoting sustainable development and principles of equity, fairness and transparency. SWM may disregard the Guidelines, however, in situations where a client's best interest would be served by voting otherwise. SWM will maintain the following records for five years (for the first two years, in SWM's offices): (1) its proxy voting policy and all amendments to the policy; (2) all proxy statements received regarding client securities (provided, however, that SWM may rely on proxy statements filed on EDGAR as its records); (3) records of all votes cast on behalf of clients; (4) records of all client requests for proxy voting information; (5) any documents prepared by SWM that were material to making a decision how to vote or that memorialized the basis for the decision; and (6) all records relating to disclosures made to clients regarding conflicts of interest in voting a proxy. A client may obtain a copy of SWM's proxy voting policy or information on how SWM voted securities in the client's account by sending a written request to Sustainable Wealth Management LLC, Attn: Compliance Officer, at 1991 Garden Ave, Eugene, OR 97403-1934. SWM will send the requested information to the client by first class mail or a comparable delivery method within seven days of receiving the client's written request.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Sustainable Wealth Management's financial condition. SWM 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.