



## **BFS Institutional Services**

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

2040 Main Street, Suite #150  
Irvine, CA 92614  
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Anaheim Hills, CA 92808  
714-282-1566

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Phoenix, AZ 85016  
602-997-8882

[www.bfsg.com](http://www.bfsg.com)

**Dated July 31, 2017**

This Brochure provides information about the qualifications and business practices of BFSG, LLC doing business as Benefit Financial Services Group, "BFSG". If you have any questions about the contents of this Brochure, please contact us at 714-282-1566. 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.

BFSG, LLC is registered as an Investment Adviser with the Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about BFSG is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm's identification number 143617.

## Item 2: Material Changes

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This Item discusses only the material changes that have occurred since BFSG's last annual update, dated March 11, 2016.

In July 2017, investment vehicles affiliated with Stone Point Capital LLC ("Stone Point") and Kohlberg Kravis Roberts & Co. L.P. ("KKR") each made an investment in Focus Financial Partners, LLC ("Focus"). This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner of Focus. Because BFSG is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of BFSG. Items 4 and 10 have been revised to reflect this new ownership structure.

As explained in more detail in Item 4 below, on January 1, 2017, BFSG acquired the business of Pacwest Financial Management, Inc., a wealth management firm located in Phoenix, AZ ("Pacwest"). Clients of Pacwest were formally notified of the acquisition and, in most cases, assigned their advisory agreements to BFSG.

BFSG has two divisions: BFS Institutional Services and BFS Wealth Management. Pacwest operates as a unit of BFS Wealth Management, doing business as Pacwest and Pacwest, a part of the BFS Wealth Management division.

John Campbell, Rachel Fequiere, Christopher Rowey, and Darren Stewart are the Principals of BFS Institutional Services. John Campbell is the Managing Principal of BFS Institutional Services.

Patrick Powers is the Managing Principal of BFS Wealth Management.

Grace Lau is the President of Pacwest.

Michael Allbee is the Chief Compliance Officer of BFSG.

BFS Institutional Services conducts its business at 2040 Main Street, Suite #150, Irvine, CA 92614. BFS Wealth Management conducts its business at 8141 East Kaiser Blvd., Suite #300, Anaheim Hills, CA 92808 and at 1643 E. Bethany Home Road, Phoenix, AZ 85016.

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# Item 4: Advisory Business

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## Description of Advisory Firm

BFSG, LLC, doing business as Benefits Financial Services Group, is a limited liability company formed in the State of Delaware. BFSG, LLC has been in business as an investment adviser, registered with the Securities and Exchange Commission since 2007.

The Registrant is part of the Focus Financial Partners, LLC (“Focus”) partnership. As such, BFSG is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

BFSG has two divisions that offer separate advisory services, BFS Institutional Services and BFS Wealth Management. This Form ADV Part 2A describes our BFS Institutional Services division. The Form ADV Part 2A for BFS Wealth Management division is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm’s identification number 143617, or may be requested by contacting us at 714-282-1566.

As of December 31, 2016, our assets under management are \$350,522,337 and our assets under consultation are \$9,022,568,088. Assets under consultation are assets for which we provide ongoing recommendations based upon the needs of the client, as to which specific securities or other investments to make available to its plan participants.

On January 1, 2017, BFSG acquired Pacwest Financial Management, Inc. (CRD #108740) (“Pacwest”), a Phoenix-based investment advisory firm founded in 1997. Pacwest clients have assigned their advisory agreements to BFSG. Pacwest ceased doing business as an investment advisory firm and filed an ADV-W with the SEC.

In July 2017, investment vehicles affiliated with Stone Point Capital LLC (“Stone Point”) and Kohlberg Kravis Roberts & Co. L.P. (“KKR”) each made an investment in Focus Financial Partners, LLC (“Focus”). This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner in Focus. Because BFSG is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of BFSG.

## **Types of Advisory Services**

Using the standards set forth in governing law, such as the Employee Retirement Income Security Act (ERISA), California Constitution, Government Code, and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), BFS Institutional Services advises plan sponsors, committees, and fiduciaries in understanding and addressing responsibilities to their plan, participants and beneficiaries.

We emphasize the development and implementation of proactive prudent processes which help fiduciaries provide participants an effective retirement tool, while lowering or limiting their liability. Our team-based approach ensures each of our clients has access to the knowledge and expertise of our experienced retirement and investment professionals. Maintaining optimal client service is our top priority. We realize that the retirement plan and institutional marketplace is constantly changing, and therefore keeping clients informed is of critical importance.

### **Pension Consulting**

#### **Investment & Compliance Consulting**

On-going investment and compliance consulting services to retirement plan sponsors. Services include, but are not limited to, formalizing committee processes, quarterly investment reviews, annual review of plan costs/revenues and fiduciary education.

#### **Vendor Search & Selection/Benchmarking**

Search and selection process of retirement plan sponsors & services.

- Customize Request for Proposal (RFP) based upon client's needs and objectives
- Develop list of vendor candidates to send RFP
- Prepare provider analysis with proprietary scoring methodology

#### **Fiduciary Structure & Cost Assessment**

Review service provider arrangements, fiduciary procedural prudence and benchmark plan costs and revenues.

- Outline all plan-related costs and revenues back to service providers
- Provide comparison on Plan costs and revenues for benchmarking purposes
- Review plan design and features
- Provide options for potential revenue recapture options, if applicable

### **Discretionary Fiduciary Services**

Accept discretionary fiduciary liability within the meaning of Section 3(38) of ERISA for the investment selection and monitoring process of investment options in a retirement plan, with the exception of company stock.

### **Participant Education/Communication**

Create and deliver educational workshops and enrollment meetings for plan participants

- Create and deliver educational workshops for plan participants
- Prepare customized participant communications
- Conduct enrollment meetings

### **Fiduciary Advisor Monitoring**

Provide monitoring on an annual basis of Plan Sponsor's fiduciary advisor program which offers investment advice services to participants.

All pension consulting services shall be in compliance with the applicable law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in the Consulting Agreement).

### **Managed Account Service**

Under our Managed Account Service, we are responsible for managing retirement plan participant accounts until the individual elects to discontinue the Managed Account Service. Eligible participants are enrolled in the Managed Account Service in accordance with rules established by the retirement plan sponsor. Based on personal criteria and financial information provided by the plan sponsor or by each participant, we select investment allocations on a discretionary basis using the investment options that are available within the retirement plan, as defined by the retirement plan sponsor. Company stock, brokerage account holdings, and certain specific other investments may be excluded from our recommendations. Excluded investments are taken into account when making allocation recommendations. Transaction instructions are then sent to the plan provider to implement our recommended retirement strategy in the participant's plan account. A participant can elect to discontinue participating in the Managed Account Service at any time.

## **Client Tailored Services and Client Imposed Restrictions**

For clients in our Managed Accounts Service, specific participant services and their implementation are dependent upon the participant's current situation (years until retirement and risk tolerance levels) and is used to construct a participant-specific portfolio that matches restrictions, needs, and targets. For clients in our Pension Consulting, we offer general investment advice. For clients using our Discretionary Fiduciary Services, we usually allow clients to impose restrictions on investing in certain asset classes.

## **Wrap Fee Programs**

We do not participate in wrap fee programs.

## **Other Advisory Services**

Services described in this Form ADV Part 2A are services offered through our BFS Institutional division. For a complete description of all of our advisory services offered by BSFG, please review the Form ADV Part 2A for the BFS Wealth Management division as well.

# **Item 5: Fees and Compensation**

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How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below. Our fees are generally not negotiable.

## **Pension Consulting**

We charge on a flat fee basis or hourly rate for pension consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. How you pay your fee is determined on a case-by-case basis. You will be invoiced directly for the fees.

## **Investment & Compliance Consulting**

The annual fixed fee ranges from \$15,000 to \$150,000, paid quarterly in arrears; and asset-based fees range from 1 – 75 bps of average annual plan assets paid quarterly in arrears.

In addition, an hourly rate of \$100 may be charged for any consulting services provided in a settlor capacity, which would be billed quarterly in arrears.

## **Vendor Search & Selection/Benchmarking**

Fees range from \$5,000 to \$50,000 per project. The one-time fee is paid upon completion.

**Fiduciary Structure & Cost Assessment**

Fees range from \$2,500 to \$5,000 per project and are paid upon completion.

**Discretionary Fiduciary Services**

Fees range from one to 50 basis points on plan assets per year and is paid quarterly in arrears.

**Participant Education/Communication**

Fees range from \$500 to \$2,000 per meeting day and are paid upon completion. Please note: These services may be outsourced to an independent third-party.

**Fiduciary Advisor Monitoring**

Fees range from \$500 to \$2,500 per year and are paid quarterly in arrears.

**Managed Account Service**

The Managed Account Service fee is part of an overall service contract with the plan sponsor, and is typically between two and 10 basis points on plan assets per year, billed quarterly in arrears. It is not charged on an individual basis or affected by the number of people who enroll in the Service.

**Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as 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. Mutual fund 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 our fee, and we shall not receive any portion of these commissions, fees, and costs.

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

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We do not offer performance-based fees.

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## Item 7: Types of Clients

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We have the following types of clients: Pension and Profit Sharing Plans sponsored by corporations, state or municipal government entities. Our Managed Account Service described in this brochure is typically offered to individuals in a qualified retirement plan. We do not have a minimum account size or requirement for maintaining an account.

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

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### Methods of Analysis

**Mutual Fund Analysis** involves analyzing funds from both a qualitative and quantitative perspective based on historical and present data. Quantitative criteria may include analysis of absolute and risk-adjusted performance, style metrics, and expenses. Qualitative criteria may include consideration of asset base, average credit quality, individual holding concentration, portfolio turnover, median market capitalization, fund philosophy, and fund management. A risk of fund analysis is that, as in all securities investments, past performance does not guarantee future results.

### Investment Strategies We Use

We typically use long-term purchases, securities held for at least a year, intended for retirement income needs.

With respect to our Managed Account Service, each individual retirement plan participant has certain preferences, a time horizon, current investment balances, current savings rates, expected benefits (i.e. Social Security), and tax rates. Our recommended investment strategy is to provide the investment allocation that enables an individual to reach the retirement income goal with the least amount of risk. Once the risk level is determined, we select the allocation of investments that is expected to match the risk level based upon the investment's style, expected return, and expected risk.

### Material Risks Involved

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks,

bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** Investment strategies and/or investment techniques may not work as intended.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Investment Companies Risk.** When a client invests in open end mutual funds, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). The Adviser has no control over the risks taken by the underlying funds in which client's invest.

## Item 9: Disciplinary Information

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### **Criminal or Civil Actions**

We have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

We have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

We have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of BFSG or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

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### **Focus Financial Partners, LLC**

BFSG is part of the Focus Financial Partners, LLC ("Focus") partnership. As such, BFSG, LLC is a wholly-owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly-owned subsidiary of Focus. Focus owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the "Focus Partners"). The Focus Partners provide wealth management, benefit and investment consulting services, serving individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds or investment companies as disclosed on their respective Form ADV.

As noted above in response to Item 4, in July 2017, investment vehicles affiliated with Stone Point and KKR each made an investment in Focus. This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner in Focus. Because BFSG is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of BFSG. None of KKR, Stone Point, or any of their affiliates participates in the management or investment recommendations of our business.

BFSG's clients are not solicited to invest in any other Focus Partners' advisory services, and generally Focus Partners do not recommend securities, services, or other investment products

of other Focus partner firms, unless so disclosed on their respective Form ADVs and with the client's informed consent, nor are any transactions executed through another Focus Partner's affiliated broker-dealer. Further, the Focus Partners do not market their services or share client information amongst each other without prior client consent.

BFSG does not believe the Focus Partnership presents a conflict of interest with our clients. BFSG has no business relationship with other Focus Partners that is material to its advisory business or to its clients.

Additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

### **BFSG, LLC Management Companies**

Pursuant to management agreements (the "Management Agreements") between BFSG, LLC, Focus and each of Retirement Plan Consulting Group, LLC and Diamond Hill 1950, LLC (the "Management Companies"), respectively, the Management Companies have agreed to provide persons to serve as officers of BFSG, LLC who, in such capacity, will be responsible for the management, supervision and oversight of BFSG, LLC. John Campbell, Patrick Powers, Rachel Fequiere, Christopher Rowey, and Darren Stewart are the managing members of Retirement Plan Consulting Group, LLC. Grace Lau is the managing member of Diamond Hill 1950, LLC. The Management Companies do not provide investment advisory services. Management of other Focus Partners is not involved in the management of BFSG.

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

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We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

## **Code of Ethics Description**

Our firm has established a Code of Ethics which applies to all of our associated persons. As a fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics, which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request. Requests for a copy of our Code of Ethics may be sent to the Chief Compliance Officer at 8141 East Kaiser Blvd., Suite 300, Anaheim Hills CA 92808.

## **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its “related persons” may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates’ transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

# Item 12: Brokerage Practices

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## **Factors Used to Select Custodians and/or Broker-Dealers**

BFS Institutional Services has nothing to disclose in this regard. We do not have direct arrangements with custodians and do not receive any soft dollar benefits. We do not recommend broker-dealers.

# Item 13: Review of Accounts

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## **Pension Consulting**

*Reviews:* BFS Institutional Services Investment Advisor Representatives review client accounts on at least a semi-annual basis. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, and appropriately positioned based on market conditions and investment policies, if applicable. We may review client accounts more frequently. Among the factors which may trigger an off-cycle review are major market or economic events, the client's circumstances, or requests by the client, etc.

*Reports:* On at least a semi-annual basis, clients receive a report consisting of a review of the investment options offered in their plan. The review is generally based on an evaluation methodology, which includes an analysis of performance, risk-adjusted performance, style consistency, and cost. Plan demographics and asset allocation may also be included in the report, if applicable.

## **Managed Account Service**

With respect to our Managed Account Service, we review accounts quarterly. The investment allocation of the account is compared to the targeted allocation. If the current investment allocation is outside a threshold, then the account is automatically rebalanced to the targeted allocation. Individuals may review their information and make changes as often as necessary by contacting the retirement plan provider.

## Item 14: Client Referrals and Other Compensation

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We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals.

## Item 15: Custody

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BFS Institutional Services does not accept custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

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BFS Institutional Services accepts discretionary authority to manage the accounts of individuals enrolled in the Managed Account Service. We will monitor the investment allocation of the individual's retirement account. Based on the information provided to us, we create a personalized asset allocation strategy and select investments that will meet the strategy from investments offered in the retirement plan. As the account moves out of balance, we will review and reallocate back to the targeted allocation. We exercise discretion consistent with the individual's strategy and within any limitations provided by the plan sponsor. Investment discretion will be explained to participants in the advisory agreement which shall be provided to the participant.

## Item 17: Voting Client Securities

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We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent, and maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events

pertaining to the client's investment assets. Therefore, our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write, or email us to discuss questions they may have about particular proxy votes or other solicitations.

## Item 18: Financial Information

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We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. We do not have custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client six months in advance.