



## **AnchorPath Financial, LLC**

### **Form ADV Part 2 – Disclosure Brochure**

**Effective: March 11, 2014**

This Disclosure Brochure provides information about the qualifications and business practices of AnchorPath Financial, LLC (“AnchorPath” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (203) 893-3600 or by email at [info@anchorpath.com](mailto:info@anchorpath.com).

AnchorPath is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”) that conducts business nationally. The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser does not imply any specific level of skill or training. Only specific oral and written communications can provide clients with information needed to decide to hire or retain an Advisor.

Additional information about AnchorPath and its advisory personnel are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

AnchorPath believes that communication and transparency are important elements of its relationship and we strive to provide its clients with complete and accurate information. AnchorPath encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions they may have with us. And of course, we always welcome client feedback.

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## **Item 2 - Material Changes**

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### Material Changes

Item 4 - Effective March 6, 2014, AnchorPath provides investment sub-advisory services to investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act") and therefore is transitioning from state registration to SEC registration as required by the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Certain related changes are made in various Items of this Disclosure Brochure.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in relevant regulations and routine annual updates as required by securities regulators. This complete Disclosure Brochure or this summary of Material Changes shall be provided to each Client, when and as required, annually or when materially amended.

At any time, clients may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information for AnchorPath:

- Click Investment Adviser Search in the left navigation menu.
- Select the option for Firm and enter 155600 (our firm's CRD number) in the field labeled "Firm Name or CRD# or SEC#" and click "Start Search".
- This will provide access to AnchorPath's Form ADV Part 1 and Part 2.
- Item 11 of the Form ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, our Form ADV Part 2 is located near the bottom.

Clients may also request a copy of this Disclosure Brochure at any time, by contacting us at (203) 893-3600.

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

AnchorPath Financial, LLC (“AnchorPath” or the “Advisor”) is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). AnchorPath is organized as a limited liability company in the State of Delaware. The owner of the firm is Marshall C. Greenbaum (CRD# 4943756).

#### About AnchorPath

AnchorPath specializes in investment strategies that seek to limit risk and capital loss by applying advanced analytical market risk management techniques. The AnchorPath team has considerable experience spanning the investment, risk management, insurance, actuarial and pension fields.

The financial crisis of 2008 revealed the importance of effective approaches to investing and risk management. Traditional asset diversification alone is not enough, as experience has shown that all asset classes tend to drop together during crises. AnchorPath grew out of the need for a product that builds protection directly into investor accounts and does not depend upon third-party guarantors that may have difficulty delivering protection when needed most.

AnchorPath believes that:

1. A concentrated focus on downside protection can yield superior long run investing performance, a significant departure from conventional approaches.
2. A sustained commitment to a diversified portfolio of equity and fixed income is a key building block for long-run investing success.
3. Asset diversification alone is not enough, and the pro-active use of modern risk management tools enables investors to confidently commit to the equity and debt markets.
4. Low investment costs through the use of ETFs and other exchange-traded instruments are critical for maximizing long-term portfolio gains.

We believe these principles best align our strategy with the most fundamental needs of both individual and institutional investors.

Details on the investment advisory services are contained in this Disclosure Brochure. Additional information can also be obtained from our website at [www.anchorpath.com](http://www.anchorpath.com) or by calling us at (203) 893-3600.

### **B. Advisory Services Offered**

#### Investment Management Services

AnchorPath offers investment management services to individuals, high net worth individuals, trusts, estates, small businesses, and institutions, including registered investment companies and other institutional investors or advisors (each referred to herein as a “Client”).

AnchorPath delivers customized management of portfolios, on a discretionary basis, according to the Client's stated objectives and the contractual arrangements put in place with each Client. AnchorPath provides investors access to the professional investment and risk management techniques used by large financial institutions.

AnchorPath account management techniques are intended to provide each Client with benefits typically available only to large institutional investors. Each Client directly owns all the securities in its account (See *Item 12 –Brokerage Practices*) and may review positions in its portfolio at any time. The investments in Client accounts are highly liquid and the total account value may be withdrawn at any time without withdrawal fees.

AnchorPath has discretion to manage asset allocations (including allocations to cash and cash equivalents) in order to meet Client objectives. AnchorPath's strategies rely on dynamic management of diversified portfolios of exchange-traded funds ("ETFs") and exchange traded hedge instruments. Account assets comprise a core portfolio designed to generate long-term capital growth at an appropriate level of risk, and a protection allocation designed to reduce short-term downside risk and protect long-term capital appreciation. The management of the protection allocation is specialized to the desired investing time horizon, risk tolerance, investment objectives and other specific criteria of each client.

Because risk mitigation is sought to be achieved within the account, Clients are not subject to the uncertain creditworthiness and cost of a third-party guarantor. All instruments utilized are exchange-traded and deemed to constitute "AAA" rated counterparty risk. The Advisor may invest in other securities to meet client objectives, including over-the-counter securities, corporate debt securities, municipal securities, mutual funds, and United States government securities. AnchorPath may also provide advice on other investment and insurance products as appropriate to meet the objectives of the client.

**Prior to rendering investment management services, AnchorPath will ascertain, in conjunction with the Client, the Client's particular financial and tax position, risk tolerance and investment objective(s). Clients are required to complete an on-boarding questionnaire that includes a review of their suitability.**

AnchorPath will provide investment advisory services and portfolio management services but will not provide securities custodial or other administrative services. At no time will AnchorPath accept or maintain custody of Client's funds or securities. All Client assets will be managed inside their designated brokerage account or pension account, pursuant to the Client Investment Management Agreement.

AnchorPath generally requires a minimum deposit size of \$100,000 as a condition for managing an account. AnchorPath may waive this minimum under certain circumstances at its sole discretion.

### **Institutional Client Services**

For Defined Contribution Plan Sponsors - AnchorPath offers services to plan sponsors of defined contribution plans to customize new plans for their group participants.

For Mutual Fund Providers - AnchorPath provides sub-advisory services to assist mutual fund providers in developing and managing new funds. We work collaboratively with providers, seeking designs that can lead to new sources of assets under management.

AnchorPath provides investment sub-advisory services, as a sub-advisor for a portfolio of an open-end investment company registered under the Investment Company Act (the "Fund" or the "Portfolio"). Shares of the Fund are offered only as separate accounts of a third party insurance company ("insurer"). The separate

accounts use Fund shares as the underlying investments for variable annuities and variable life insurance contracts issued by the insurer. Subject to general supervision by the insurer and the Board of Directors of the Fund (herein the "Board") and in accordance with the investment objectives, policies and restrictions of the Portfolio, AnchorPath provides the Portfolio with ongoing investment management services.

AnchorPath manages a risk management component of the Portfolio and seeks to enhance the risk adjusted return of the Portfolio. AnchorPath employs a variety of risk management techniques in its strategy, primarily using derivative instruments. AnchorPath attempts to stabilize current returns of the Portfolio by using techniques designed to limit the downside exposure of the Portfolio during periods of market declines, to add market exposure to the Portfolio during periods of normal or rising markets, and to reduce the volatility of the Portfolio. AnchorPath attempts to stabilize potential income of the Portfolio by using techniques designed to protect the Portfolio's ability to generate future income. The derivative instruments may include "long" and "short" positions in futures, options, swap contracts, ETFs and cash instruments. AnchorPath monitors the Portfolio's allocation on a daily basis, and in collaboration with the Fund's investment adviser and other Portfolio sub-advisors, also manages the periodic rebalancing between the Portfolio components.

In reliance upon Instruction 1 to Part 2A of Form ADV, and except for certain limited references in this Item 4 and Items 5 and 7 of this Disclosure Brochure, we are not providing further information with respect to the Portfolio in this Disclosure Brochure. A full description of the services provided by AnchorPath to the Portfolio are available in the current prospectus, prospectus supplement, if any, and the statement of additional information ("SAI") of the Fund. The prospectus and statement of additional information are available from us upon request or from the SEC website ([www.SEC.gov](http://www.SEC.gov)).

For Financial Advisors - AnchorPath offers services to financial advisors to plan and customize programs for their retirement and pre-retirement clients. Our risk control techniques methodically build support for increased levels of safe and predictable returns while preserving access to retirement nest-eggs.

#### Financial Planning and Consulting Services

The Advisor may also provide non-discretionary financial planning and consulting services (collectively "consulting services") for individual and institutional Clients on an hourly or fixed-fee basis (See Item 5 for fee information). These consulting services may be general in nature or focused on particular areas of interest or need, depending on the particular circumstances of each Client. Advice is rendered in the areas of asset allocation, portfolio construction, cash flow and debt management, risk management, college funding, retirement planning, estate planning, gifting/transition of assets, retirement hobbies, downsizing decisions and related areas of a Client's financial situation. Advice is provided to each Client based on its particular goals and circumstances.

Consulting services Clients may be requested to furnish certain records and documents to the Advisor to facilitate the financial planning process. These documents may include: tax returns; current financial information; such as 1099s and W-2s; information on self-directed and employer-sponsored retirement plans; mortgage information; insurance policies; statements reflecting current investments in retirement and non-retirement accounts; insurance policies; and other pertinent information, as appropriate and necessary. The Advisor will utilize these documents in conjunction with the Client's goals, financial situation and tolerance for investment risk to develop a financial analysis for the Client.

**Consulting Services are separate and distinct from Investment Management Services and are contracted for under a separate agreement between the Client and the Advisor.**

**AnchorPath may provide consulting with respect to a Client's personal financial situation. However, AnchorPath generally does not provide comprehensive financial planning services.**

### **C. Client Account Management**

Prior to selecting AnchorPath to provide investment advisory services, each Client is required to enter into an Investment Management Agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. This Agreement may include:

- Client Suitability Review – AnchorPath, in conjunction with the Client, will review the Client's investment goals and objectives to determine if the AnchorPath management approach is appropriate for all or a portion of its investment portfolio. Clients may place reasonable restriction on their accounts, subject to the acceptance by AnchorPath.
- Strategic Asset Allocation Determination – AnchorPath will formulate a long-term strategic asset allocation for each Client account, consistent with their stated investment goals. The strategic asset allocation will specify the target percentages to be invested in the core portfolio and protection allocation. Accounts are re-balanced and re-optimized when deemed necessary by the Advisor. Re-balancing is accomplished by reallocating assets to updated allocation targets and re-optimizing involves determining new targets.
- Portfolio Construction – AnchorPath will build a portfolio for the Client that is intended to meet the stated goals and objectives of the Client. Portfolios will typically be constructed with a combination of ETFs in the core portfolio and risk mitigation instruments in the protection allocation.
- Investment Management and Supervision – AnchorPath provides its investment advisory and portfolio management services on a best-efforts basis and makes no representations or guarantees about prospective portfolio performance.

### **D. Wrap Fee Programs**

AnchorPath does not place Client assets into a wrap fee program. Investment management services are provided directly by AnchorPath.

### **E. Assets Under Management**

As of February 28, 2014, AnchorPath managed \$2,037,969 in Client assets on a discretionary basis. AnchorPath does not manage non-discretionary accounts.

## **Item 5 - Fees and Compensation**

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The following paragraphs describe the fee structure and compensation methodology for investment management services. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of AnchorPath and the Client.

## **A. Fees for Advisory Services**

### Investment Management Services

Pursuant to an Investment Management Agreement, a Client will pay AnchorPath an Investment Management Fee, generally charged at an annualized rate of 0.65%. Investment Management Fees are calculated daily by the Custodian, based on the market value of the Client's portfolio at the close of business each business day.

Investment Management Fees may be reduced or waived for directors, officers, and employees of AnchorPath, or possibly other Clients, at the sole discretion of the Advisor. Investment Management Fees may be negotiated by AnchorPath at its sole discretion. All securities held in a Client portfolio managed by AnchorPath will be independently valued by the Custodian. AnchorPath will not have the authority or responsibility to value portfolio securities.

### Mutual Fund Sub-Advisory Services

AnchorPath is compensated by the Fund from the fees charged to Portfolio investors. Portfolio fees are approved by the Fund Board and are subject to review and approval as provided by the Investment Company Act of 1940. Additional information regarding the fees and expenses of the Portfolio are detailed in the Portfolio/Fund prospectus referred to above.

### Financial Planning and Consulting Services

Pursuant to a Financial Planning or Consulting Agreement signed by each Client, the Client will pay the Advisor either an hourly fee or project fee for financial planning or consulting services. The Advisor's financial planning fees are billed at an hourly rate of up to \$250 per hour or based on a fixed fee per plan, depending on the nature and complexity of the services involved. Fixed fee engagements will be based on the estimated hours to complete the deliverable(s) for the engagement at the negotiated hourly rate. The Client will be provided the estimated effort to prior to engaging the Client for fixed fee or hourly services. Clients will also be charged for any out of pocket expenses, such as, postage, copying, etc.

## **B. Fee Billing**

### Investment Management Services

Investment Management Fees will be automatically calculated daily based on the annualized rate and deducted each business day from the Client Account by the Custodian. The Custodian will provide the Client an account statement no less frequently than quarterly that includes the details of these fees. The Client may review these fees and the details of their Account(s) at any time by accessing their Account(s) via the Custodian's client access portal.

While AnchorPath applies its best efforts in making these calculations, it is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement.



### Financial Planning and Consulting Services

Fees for Financial Planning and Consulting Services are negotiated in advance of performing advisory services. Hourly fee-based Clients are billed on a quarterly basis and/or upon completion of work performed, but may be required to provide an advance payment of up to 50% of the expected cost of the financial plan. Fixed fee-based Clients may be required to provide an advance payment of up to 50% of the negotiated cost of the financial plan. These fees may be negotiated by the Advisor at its sole discretion.

### **C. Other Fees and Expenses**

The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The investment management fees charged by AnchorPath are separate and distinct from these custodian and execution fees. In addition, all fees paid to AnchorPath for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of AnchorPath, but would not receive the benefit of services provided by AnchorPath. Accordingly, the Client should review both the fees charged by the fund(s) and the fees charged by AnchorPath to fully understand the total fees to be paid.

### **D. Advance Payment of Fees and Termination**

#### Investment Management Services

AnchorPath is compensated for its services after investment management services are rendered. Clients may terminate their Investment Management Agreement with AnchorPath, in whole or in part, by providing advance written notice. The Client shall be responsible for Investment Management Fees up to and including the effective date of termination. The Client's Investment Management Agreement with the Advisor is non-transferable without Client's written approval.

#### Financial Planning and Consulting Services

Clients may terminate a financial planning agreement prior to the delivery of plan results by providing written notice to the Advisor. The Client will be responsible for fees incurred to date based on the agreed upon fee schedule and hours worked by the Advisor. The Client's Financial Planning or Consulting Agreement with the Advisor is non-transferable without Client's written approval. Any unearned, prepaid financial planning or consulting fees will be refunded to the Client. The Advisor will issue a refund check within two weeks following the termination date.

### **E. Compensation for Sales of Securities**

AnchorPath does not receive commissions or any compensation for transactions in any Client account. As a fee-only Advisor, AnchorPath is paid only on the advice and investment management provided to Clients based on the assets under management in the Client's account(s).

## **Item 6 - Performance-Based Fees**

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AnchorPath does not charge performance-based fees for its investment management services. The fees charged by AnchorPath are as described in Item 5 - Fees and other compensation as described above are not based upon the appreciation of the funds or securities held by any Client. AnchorPath does not manage any proprietary investment funds or private funds (for example, a hedge fund) and has no financial incentive to recommend any particular investment options for its Clients.

## **Item 7 - Types of Clients**

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AnchorPath offers investment management services to individuals, high net worth individuals, trusts, estates, small businesses and institutional clients (including registered investment companies and other financial investors or advisors). AnchorPath generally requires a minimum deposit size of \$100,000 as a condition for managing an account. AnchorPath may waive this account minimum under certain circumstances at its sole discretion.

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

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### **A. Methods of Analysis**

AnchorPath employs a proprietary process for managing Client portfolios. AnchorPath primarily applies an indexing approach in fulfilling investment allocations. Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

As noted above, AnchorPath generally employs a long-term investment strategy for its Clients, consistent with their stated goals. AnchorPath will typically direct all or a portion of a Client account to be invested in a core portfolio of broad-based index ETFs that is allocated and re-balanced over time to seek long-term growth. At times, AnchorPath may utilize actively managed ETFs or mutual funds, depending on the goals or requests of the Client.

For the protection allocation, AnchorPath will employ quantitative techniques that may result in more frequent trading and holding periods of less than one year.

### **B. Risk of Loss**

Investing involves risk. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. AnchorPath will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet his or its investment goals or that the account will produce its target objectives or avoid losses.

AnchorPath generally employs investment strategies that involve risk associated with the equity and bond markets. AnchorPath investment strategies include the use of options and futures intended to effect downside protection. These instruments have investment risk and are subject to market volatility. The Advisor seeks to manage these risks while seeking investment returns. Clients should invest only the portion of their investment portfolio where a potential loss can be borne.

Specific risks include, among others, the following:

*Dependence Upon Managing Principal.* The success of AnchorPath's services to a Client will depend to a significant extent upon the skills, judgment and efforts of its Managing Principal, Marshall C. Greenbaum. Although AnchorPath has other advisory personnel available to it, the loss of the services of Mr. Greenbaum could have a material adverse effect upon a Client.

*Bearing the Risk of Loss Generally.* Investing involves the risk of loss, including loss of capital. Clients should understand the risks involved in the Advisor's investment strategy and be prepared to bear such risk before investing. While AnchorPath endeavors to manage portfolio risks to mitigate the risk of loss, it can make no assurances regarding future investment performance. Past performance is not a guarantee of future results.

*Market-Related Risks.* Portfolios managed by AnchorPath involve general market risks, such as sensitivity to changes in the equity market, the bond market and other markets.. The Advisor will attempt to monitor and manage these risks, but it may be wrong in its expectations and forecasts and client portfolios may suffer losses as a result.

*Exchange-Traded Funds.* ETFs typically trade on securities exchanges and their shares may, at times, trade at a premium or discount to their net asset values (the value of the underlying assets in the portfolio). ETFs charge management fees and other expenses, and such costs are in addition to AnchorPath's advisory fees. To the extent AnchorPath portfolios invest in ETFs that focus on a particular asset class, market sector or industry or country, the portfolios will also be subject to the risks associated with investing in those classes, sectors, industries or countries, including concentration risk.

*Options Contracts.* Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

*Futures Contracts.* Investments in futures contracts have the risk of losing value in a relatively short period of time. Futures are highly leveraged with a relatively small amount of money used to establish a position in assets having a much greater value. This leverage can compound gains or losses.

*Leverage.* Certain AnchorPath strategies may utilize leverage. Leverage involves the use of borrowed funds, typically as margin, to increase the amount of invested capital in a portfolio's positions. The use of leverage may amplify both gains and losses roughly in proportion to the amount of leverage employed. For example, at a leverage ratio of two-to-one, a 10% loss in portfolio value will result in a 20% loss of the client's equity capital.

*Short Selling.* Short selling may be employed in some AnchorPath strategies. Selling securities short involves selling securities that were not previously purchased. Securities sold short must be bought later in order to close out the short position. Because there is no limit as to how high a security's price may climb, short selling involves a potential risk of loss greater than the initial investment.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with AnchorPath and their own financial advisors.

## **Item 9 - Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving AnchorPath or any of its employees.** AnchorPath and its advisory personnel value the trust Clients place in us. As we advise all Clients, we encourages Clients to perform the requisite due diligence on any advisor or service provider. Backgrounds of AnchorPath's advisory personnel are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information contained in Form ADV Part 1, select the option for "Investment Adviser Search", then selecting "Firm" and enter **155600** in the field labeled "Firm Name or CRD# or SEC#". This will provide access to Form ADV Parts 1 and 2. Item 11 of the Form ADV Part 1 lists legal and disciplinary disclosure questions.

Clients may also research the background of Marshall C. Greenbaum by selecting the option for "Investment Adviser Search", then selecting "Individual" and entering Mr. Greenbaum's individual CRD number 4943756 in the field labeled "Individual Name or CRD#".

## **Item 10 - Other Financial Activities and Affiliations**

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Neither AnchorPath nor its advisory personnel are registered representatives of any broker-dealer or futures commission merchant. AnchorPath, in its fiduciary duty to its Clients, will seek to always act in the best interests of its Clients. AnchorPath does not have any relationships that would pose a conflict of interest in servicing its Clients.

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

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### **A. Code of Ethics**

AnchorPath has implemented a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the Advisor. The Code of Ethics is based on the ethical standards promulgated by the CFA Institute as well as state and federal securities laws. A copy of the Code of Ethics will be provided to any Client or prospective client upon request. To request a copy of the Code of Ethics, please contact AnchorPath at [info@anchorpath.com](mailto:info@anchorpath.com) or at (203) 893-3600.

### **B. Personal Trading and Conflicts of Interest**

AnchorPath allows its employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to Clients presents a potential conflict of interest that, as fiduciaries, AnchorPath must disclose to its Clients and mitigate through policies and procedures. As noted above, the Advisor has adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public

information controls) and personal securities reporting procedures. AnchorPath has also adopted written policies and procedures to detect the misuse of material, non-public information. AnchorPath may have an interest or position in certain securities, which may also be recommended to Clients. **At no time, will AnchorPath or any associated person of AnchorPath, engage in any security transaction to the detriment of any Client.**

AnchorPath is a fee-only investment adviser compensated solely by the Client, with neither the Advisor nor any related party receiving compensation that is contingent on the purchase or sale of any securities. AnchorPath does not engage in any securities transactions where it has a financial interest, including, but not limited to commissionable securities transactions or buying securities from or selling securities to its Clients. As a fee-only registered investment adviser AnchorPath does not have any direct or indirect broker-dealer relationship.

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of a Broker-Dealer or Custodian**

#### Individual Managed Accounts

AnchorPath does not have discretionary authority to select the broker-dealers and/or custodians for custodial and execution services. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize AnchorPath to direct trades to that broker-dealer and custodian as agreed in its Investment Management Agreement. Further, AnchorPath does not have the discretionary authority to negotiate commissions on behalf of its Clients on a trade-by-trade basis. Clients are advised that their selection of a broker-dealer may involve higher commission charges than if another brokerage firm were employed.

#### Mutual Funds

As the sub-advisor for the Fund, AnchorPath has the discretion to select the broker-dealer to for trade execution. AnchorPath will select broker-dealers that provide best execution for securities transactions under the oversight of the Board.

Where AnchorPath does not exercise discretion over the selection of a broker-dealers and/or custodians, it may recommend broker-dealers and/or custodians to Clients for execution and/or custodial services. Clients are not obligated to use the recommended broker-dealer or custodian and will not incur any extra fee or cost associated with using a broker or custodian not recommended by AnchorPath. AnchorPath may recommend a broker-dealer based on criteria such as, but not limited to, integrity and reputation, quality of execution, reasonableness of commissions, services made available to the Client, and location of its offices. AnchorPath does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other brokers. Clients are advised, however, that a broker-dealer may be recommended by AnchorPath based upon a variety of factors, including those mentioned above, and accordingly such broker-dealer may not necessarily charge the lowest commission rates available. In recommending broker-dealer(s), AnchorPath is not obligated to select competitive bids on securities transactions or to seek the lowest available transaction costs. The broker-dealer(s) selected by the Client will determine these costs.

1. ***Soft Dollars*** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **AnchorPath does not participate in soft dollar programs sponsored or offered by any broker-dealer.**

2. **Brokerage Referrals** - AnchorPath does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.
3. **Directed Brokerage** - All Clients are serviced on a “directed brokerage basis”, where AnchorPath will place trades with the broker-dealer(s) designated by the Client. Further all Client accounts are traded within their respective brokerage account(s). The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor’s own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client’s account[s]).

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. AnchorPath will execute its transactions through unaffiliated broker-dealer(s) selected by the Client. AnchorPath may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts. Prior to entry of a block trade, a pre-allocation order is generated which identifies the group of Client accounts participating in the order.

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

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### **A. Frequency of Reviews and Causes for Reviews**

Accounts are monitored by Mr. Greenbaum, the Managing Principal of the Advisor. Client reviews are conducted at least annually or more frequently at the Client’s request.

Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client’s financial situation, and/or large deposits or withdrawals in the Client’s account. The Client is encouraged to notify AnchorPath if changes occur in his/her personal financial situation that might affect his/her investment objectives. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian’s website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client’s account[s]. AnchorPath may supplement brokerage statements with additional account and performance details.



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

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### **A. Compensation Received by AnchorPath**

AnchorPath is a fee-only advisor that is compensated solely by the Client for investment advisory services. AnchorPath does not receive securities commissions or other compensation from product sponsors, broker-dealers or any un-related third party for securities transactions.

### **B. Client Referrals from Solicitors**

AnchorPath does not engage paid solicitors for Client referrals.

## **Item 15 - Custody**

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AnchorPath does not accept or maintain custody of any Client accounts. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct AnchorPath to utilize that custodian for the Client's security transactions. For more information as to custodians and brokerage practices, see "Item 12 - Brokerage Practices".

## **Item 16 - Investment Discretion**

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AnchorPath generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by AnchorPath. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Management Agreement containing all applicable limitations to such authority. All discretionary trades made by AnchorPath will be in accordance with each Client's investment objectives and goals.

## **Item 17 - Voting Client Securities**

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### Individual Managed Accounts

For individual managed accounts, AnchorPath does not accept proxy-voting responsibility for Clients. Each Client retains the sole authority and responsibility to determine if and how a particular proxy should be voted. Proxy materials will be sent directly to the Client from the Custodian, as part of the Client's separate agreement with the Custodian. Clients may contact AnchorPath with questions relating to proxies, but the Clients retain the sole authority for all voting matters.

### Mutual Fund Sub-Advisory Services

For the Funds or Portfolios, AnchorPath will vote proxies on behalf of the Funds based on the proxy voting guidelines approved by the Board. The Advisor receives notice of upcoming proxy votes, meeting and record dates, and other information on upcoming corporate actions service providers of the Funds. The Advisor shall review each proxy and vote such proxies in the best interest of the Fund and its shareholders and shall not

subrogate the clients' interest to its own. The Advisor votes each proxy on its specific merits and does not have default voting standards.

## **Item 18 - Financial Information**

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Neither AnchorPath nor its management is aware of any adverse financial situations that would reasonably impair the ability of AnchorPath to meet all obligations to its Clients. Neither AnchorPath, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. AnchorPath is not required to deliver a balance sheet along with this Disclosure Brochure as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance.



## Privacy Policy

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**Effective: January 1, 2014**

### **Our Commitment to You**

AnchorPath Financial, LLC ("AnchorPath") is committed to safeguarding your personal information that we have as your Investment Advisor. AnchorPath (referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and makes efforts to ensure that such information is used only for proper business purposes in connection with the management or servicing of your account. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

We do not sell your non-public personal information to anyone. Nor does AnchorPath provide such information to others except for discrete and proper business purposes in connection with the servicing and management of your account as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this privacy policy.

### **The Information We Collect About You**

You typically provide personal information when you complete the paperwork required to become our Client. This information may include your:

- |   |                       |
|---|-----------------------|
| • Name and address                                  | • Assets              |
| • E-mail address                                    | • Income              |
| • Phone number                                      | • Account balance     |
| • Social security or taxpayer identification number | • Investment activity |
| • Accounts at other institutions                    |                       |

In addition, we may collect non-public information about you from the following sources:

- Information we receive on Brokerage Agreements, Managed Account Agreements and other Subscription and Account Opening Documents;
- Information we receive in the course of establishing a customer relationship including, but not limited to, applications, forms, and questionnaires;
- Information about your transactions with us or others

#### Information about You That AnchorPath May Share

AnchorPath works to provide products and services that benefit our customers. We may share non-public personal information with non-affiliated third parties (such as brokers and custodians) as necessary for us to provide agreed services and products to you consistent with applicable law. We may also disclose non-public personal information to other financial institutions with whom we have joint business arrangements for proper business purposes in connection with the management or servicing of your account. In addition, your non-public personal information may also be disclosed to you, persons we believe to be your authorized agent or representative, regulators in order to satisfy AnchorPath' regulatory obligations, and as otherwise required or permitted by law. Lastly, we may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.

*To repeat, we do not sell your non-public personal information to anyone.*

#### Information about Former Clients

AnchorPath does not disclose, and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our clients.

#### Confidentiality and Security

Our employees are advised about the firm's need to respect the confidentiality of our customers' non-public personal information. Additionally, we maintain physical, procedural and electronic safeguards in an effort to protect the information from access by unauthorized parties.

#### We will keep you informed

We will send you notice of our privacy policy annually for as long as you maintain an ongoing relationship with us. Periodically we may revise our privacy policy, and will provide you with a revised policy if the changes materially alter the previous privacy policy. We will not, however, revise our privacy policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing. You may obtain a copy of our current privacy policy by contacting us at (203) 839-3600.