

**Item 1 - COVER PAGE**  
**PART 2A OF FORM ADV: Firm Brochure**  
**February 16, 2017**

# **Center Street Advisors, Inc.**

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This brochure provides information about the qualifications and business practices of Center Street Advisors (“CSA”). If you have any questions about the contents of this brochure, please contact Billy Aycock by e-mail at [baycock@centerstreetadvisors.com](mailto:baycock@centerstreetadvisors.com) by U. S. mail at Center Street Advisors, 2740 Old Elm Hill Pike, Suite 201, Nashville, TN 37214, or by phone: 615-690-3580. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about CSA is available on the Internet at the SEC’s website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To access this information, you can type in the name of the Firm or the Firm’s CRD number: 169329. Registration of Center Street Advisors as an Investment Adviser does not imply any level of skill or training.

## **Item 2 - MATERIAL CHANGES**

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure, since the last update filed on February 16, 2016.

The Material Changes made to this Brochure since the last annual update include:

1. CSA is now offering the Morningstar Managed Portfolios <see Item 4 – Advisory Services, Item 5 – Fees and Compensation, Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss>
2. CSA is now offering two Alternative Investment Strategies <see Item 4 – Advisory Services, Item 5 – Fees and Compensation, Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss>
3. CSA is now providing overlay management and having certain assets sub-advised by third-party asset managers <see Item 4 – Advisory Services, Item 5 – Fees and Compensation.>
4. CSA is now offering investment management services consisting of portfolios comprised of stocks, bonds, ETFs and mutual funds through the Adhesion platform. Clients will have TD Ameritrade recommended to them for brokerage and custodial services. <See Item 4 – Advisory Services, Item 5 – Fees and Compensation, Item 12 – Brokerage Practices and Item 14 – Client Referrals and Other Compensation>
5. CSA is now providing retirement plan consulting to assist plan sponsors in meeting their fiduciary obligations to the plan and plan participants. <see Item 4 – Advisory Services, Item 5 – Fees and Compensation.>
6. CSA may receive marketing assistance from product sponsors such as reimbursement for seminar mailers <see Item 14 – Client Referrals and Other Compensation.>

### **Item 3 - TABLE OF CONTENTS**

<b><u>Description</u></b>	<b><u>Page #</u></b>
<b>Item 1 - COVER PAGE.....</b>	<b>1</b>
<b>Item 2 - MATERIAL CHANGES.....</b>	<b>2</b>
<b>Item 3 - TABLE OF CONTENTS.....</b>	<b>3</b>
<b>Item 4 - ADVISORY BUSINESS.....</b>	<b>4</b>
<b>Item 5 - FEES AND COMPENSATION.....</b>	<b>9</b>
<b>Item 6 – PERFORMANCE BASED-FEES.....</b>	<b>18</b>
<b>Item 7 - TYPES OF CLIENTS.....</b>	<b>19</b>
<b>Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>19</b>
<b>Item 9 - DISCIPLINARY INFORMATION .....</b>	<b>21</b>
<b>Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....</b>	<b>22</b>
<b>Item 11 - CODE OF ETHICS .....</b>	<b>23</b>
<b>Item 12 - BROKERAGE PRACTICES .....</b>	<b>24</b>
<b>Item 13 - REVIEW OF ACCOUNTS .....</b>	<b>24</b>
<b>Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>25</b>
<b>Item 15 - CUSTODY .....</b>	<b>26</b>
<b>Item 16 - INVESTMENT DISCRETION .....</b>	<b>26</b>
<b>Item 17 - VOTING CLIENT SECURITIES.....</b>	<b>26</b>
<b>Item 18 - FINANCIAL INFORMATION .....</b>	<b>26</b>

## **Item 4 - ADVISORY BUSINESS**

### **Center Street Advisors (“CSA”)**

CSA was established in September 2013. CSA provides customized investment management, third-party investment management with Morningstar, refers clients to third-party investment advisers (the “Manager”) in accordance with a Solicitor's Agreement in place with the respective Manager, and provides financial planning services. CSA is a wholly-owned subsidiary of Center Street Holdings, Inc. Jack R. Thacker owns 51% of Center Street Holdings, Inc. and Producers Equity Group, Inc., owns 49%. Producers Equity Group is owned by the following: Rettich Family Partnership, 89.62%; Paradigm Partners, 5.81%; Mark Peterson, 3.02%; and Jeremy Rettich, 1.55%.

### **Types of Advisory Services Offered**

CSA offers:

- Investment management services
- Two non-liquid alternative investment strategies
- Investment account management with third-party managers
- Retirement Plan Consulting Services
- Financial planning services

The client is under no obligation to act upon the Advisor's recommendation, if the client elects to act on any of the recommendations; the client is under no obligation to effect the transaction through in the investment advisor.

### **CSA Investment Management Services**

CSA provides customized investment management services for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management services. CSA works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio allocation. CSA will then construct a portfolio, consisting of stocks, bonds, exchange-traded funds (“ETFs”), mutual funds and other types of investments, as appropriate, to help achieve the Client's investment goals.

### **CSA Alternative Investment Strategies**

CSA offers two non-discretionary alternative investment strategies that invest in non-liquid direct participation programs, private placements and other liquid alternative investments (which include alternative mutual funds.) Investments may include non-traded real estate investment trusts (“REITs”), business development companies (“BDCs”) and other non-liquid alternative investments that typically have low correlations to traditional stock and bond portfolios. The alternative strategies can have desirable characteristics to diversify stock and bond portfolios but also carry unique risks which are described in Item 8 below. Clients will be

provided with a prospectus, private placement memorandum or other disclosure document prior to investing. If Clients decide to follow CSA's recommendations, they will be required to complete the investment sponsor's application and questionnaire. The investments will be held by a qualified custodian, DST Systems.

- CSA Select Alternative Income Strategy. This strategy is appropriate for investors with a net worth of \$250,000 to \$1,000,000 (exclusive of residence) and will invest in registered direct participation programs. The portfolios are not anticipated to be broadly diversified and may be concentrated in real estate.
- CSA Prime Alternative Income Strategy. This strategy is for accredited investors with a net worth of over \$1,000,000 (exclusive of residence) and will invest in non-registered private placements. The portfolios are not anticipated to be broadly diversified and may be concentrated in real estate.

#### Additions, Withdrawals and Minimum account Size

The Client may make cash additions to and/or withdrawals from the account at any time, provided that all additions and withdrawals are made after giving the Firm timely notice. Cash will be made available for withdrawal only when transactions effected to raise cash are settled and Client should be advised that the alternative investments are not liquid. The liquidity risks are further described in Item 8 below as well as the disclosure document for each investment.

The Firm generally requires a minimum initial investment of \$50,000 to open an account, which could be negotiable by the Firm in its sole discretion. However, the Firm reserves the right to accept or decline a potential client for any reason in its sole discretion. Clients should also refer to each TPIM's Brochure or other disclosure document for specific information regarding additions, withdrawals and minimum investment requirements.

#### **Morningstar<sup>®</sup> Managed Portfolios<sup>SM</sup>**

CSA may offer clients the Morningstar Managed Portfolios program ("Program"). This Program is a discretionary investment advisory program offered by Morningstar Investment Services, Inc. ("MIS"), a federally registered investment advisor. The Program is available to clients through an arrangement MIS has with CSA. MIS will receive compensation for their investment advisory services provided under the Program as a percentage of assets. In addition, MIS will delegate certain services to CSA such as assisting each client in completing a questionnaire and other applicable account opening forms, determining suitability, meeting with the client at least annually to obtain any changes in their financial situation and acting as liaison between MIS and the CSA client. For these services, the CSA will receive a portion of the fee paid by each client participating in this Program.

#### Minimum Account Size

The minimum initial investments are as follows:

Mutual Fund Strategies	\$50,000
Individual 401(k) Account	\$40,000

<i>For each of the above:</i>	
Minimum subsequent investment	\$500
Minimum subsequent investment—IRA Accounts	\$250
Select Stock Basket Custom Strategy	\$250,000
Select Stock Basket Strategist Strategy	\$100,000
ETF Strategy	\$50,000

\*At MIS' sole discretion, an initial or subsequent investment of less than the above stated minimums may be allowed.

Pursuant to the discretionary authority granted within the Investment Management Agreement (signed prior to opening an account), MIS will execute transactions as frequently as MIS considers necessary.

### **Third-Party Asset Managers ("TPAMs")**

#### Overlay Management and Sub-Advisory Relationships

CSA may delegate the active discretionary management of all or part of a discretionary client's assets in their managed account(s) to one or more independent TPAM based on the client's stated investment objectives, guidelines, and restrictions. Access to TPAMs may be provided by CSA through a sub-advisory relationship between CSA and the TPAM, and/or through a direct TPAM contractual engagement with the client (CSA provides overlay management.) The TPAMs will have discretionary authority over those assets allocated to them for management and they will be authorized to buy, sell, and trade in securities in accordance with the client's investment objectives. CSA's fees could differ, if and when it allocates a client's assets to one or more TPAMs and such client may be required to enter into a separate advisory agreement directly with the TPAM selected, which is in addition to the agreement entered into between the client and CSA. Once a TPAM is selected, CSA continues to monitor the chosen TPAM to ensure the TPAM adheres to the philosophy and investment style for which they were selected. In its sole discretion, CSA has the authority (pursuant to the investment management agreement between CSA and each client) to add, replace or change any TPAM on behalf of a client (to the extent that the client has not entered into a direct engagement agreement with the TPAM), without the client's prior consent.

#### Adhesion Wealth Advisor Solutions

One of the overlay management programs offered by CSA is through Adhesion Wealth Advisor Solutions ("Adhesion" or "the Platform"). TD Ameritrade is the custodian for the Adhesion program. This program offers model portfolios of ETFs and/or mutual funds managed by a third-party asset manager selected by CSA. There are three platform options through Adhesion.

ETF Select – CSA will select a single ETF third-party asset manager.

Model eXchange – CSA will select a single third-party asset manager that may implement the investment strategy with a blend of ETFs and mutual funds.

Multi-Manager Allocation – CSA will select two or more third-party asset managers to offer model portfolios combined in a single account.

Tax overlay management services are available as an option for accounts utilizing Adhesion. If you elect tax overlay management services, the portion of your fee paid as the management fee on your account will increase. Adhesion will develop a tax strategy for your account based on the information and instructions provided by us on your behalf. Tax overlay management services in an investment account offer benefits and limitations, as described below. The tax strategy developed for you by Adhesion is provided solely in connection with your account and Adhesion does not provide general tax planning services. Adhesion will seek to reduce the overall tax burden of the account while seeking to maintain the risk and return characteristics of the model portfolios received from third-party asset managers. When providing tax overlay management services to the account, short-term gains are avoided where possible, but long-term gains are not limited unless you have requested a mandate to limit realized long-term gains. Adhesion will provide tax overlay management services with the assumption that Adhesion will continue to provide services to the account for an entire tax year. The termination or removal of the overlay management services before the completion of an entire tax year may result in adverse tax consequences, including without limitation realization of short-term capital gains. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

#### Solicitor Referrals to TPAMs

CSA may make referrals to TPAMs as a solicitor. Clients are required to enter into a discretionary agreement with the Manager. Clients should refer to each Manager's Firm Brochure or other disclosure document for a full description of the services offered.

CSA will receive a solicitor fee from each Manager, ranging between .5% and 3% of client assets under management. Solicitor fees are also based on the type of services offered by the Manager and the investment model chosen by the client. Clients may go directly to the Manager without having a contractual arrangement with CSA. Clients should refer to Item 14, Client Referrals and Other Compensation, for additional information.

#### **Retirement Plan Consulting Services**

Generally, these services are designed to assist plan administrators (i.e., a person or person(s) designated by the employer as having discretionary authority or control over the management of the plan) meet their fiduciary obligation to administer the plan in the best interests of the participants and their beneficiaries. A description of the different types of retirement plan services offered by CSA appears below.

### Administrative Support

- Assist Sponsor in reviewing objectives and options available through the plan
- Review plan committee structure and administrative policies/procedures
- Recommend participant education and communication policies under ERISA 404(c)
- Assist with development/maintenance of fiduciary audit file and document retention policies
- Deliver fiduciary training periodically or upon reasonable request
- Coordinate and reconcile participant disclosures under 404(a)(5)
- Develop requirements for responding to participant requests

### Service Provider Oversight

- Assist fiduciaries with a process to select, monitor and replace service providers
- Assist fiduciaries with review of Covered Service Providers (“CSP”) and fee benchmarking
- Provide reports and/or information designed to assist fiduciaries with monitoring CSPs
- Assist with use of ERISA Spending Accounts or Plan Expense Recapture Accounts (PERA)
- Assist with preparation and review of Requests for Proposals (RFPs) and/or Information (RFI)
- Coordinate and assist with CSP replacement and conversion

### Investments

- Periodic review of investment policy in the context of plan objectives
- Assist the plan committee with monitoring investment performance
- Provide analysis of investment managers and model portfolios
- Assist with Designated Investment Managers (DIMs) and/or third-party advice providers as necessary
- Educate plan committee members, as needed, regarding replacement of Designated Investment Alternatives (DIA) and/or Qualified Default Investment Alternatives (QDIA)

### Participant Services

- Facilitate group enrollment meetings
- Coordinate employee education regarding plan investments and fees
- Assist plan participants in understanding plan benefits, retirement readiness and impact of increasing deferrals

### General Information about Retirement Plan Services Provided to Retirement Plans and Participants

Advisory services provided to retirement plans and their participants may be solely provided by Investment Advisory Representatives of CSA or in combination with third parties (e.g., third party administrators and recordkeepers). CSA shall never have custody of any client funds or



securities, as the services of an independent qualified custodian will be used for these asset management services.

The services provided to any retirement plan sponsor may vary based on plan type (i.e., participant directed or trustee directed plan), plan features (i.e., automatic enrollment of participants) and the specific needs of the plan sponsor, participants and their beneficiaries.

### **Financial Planning Services**

CSA offers financial planning services and advice to clients. Financial planning may consist of a number of services, depending on the client's needs. The planning process evaluates a client's current financial situation and proposes an action plan to help move towards setting and achieving the client's financial goals. Each Advisor will have conversations with the client and review documents, such as income tax returns and current investments, to determine a client's current financial situation and long term financial goals. Clients may retain CSA to prepare a full financial plan, or to only give advice about a particular area of concern

CSA may provide education services to clients about general investment principles. Education presentations will not take into account the individual circumstances of each client.

### **Restrictions Imposed by Clients**

The client is under no obligation to accept any recommendation in the Financial Plan, and is free to impose restrictions on investing in certain types of securities in the Plan.

CSA does not sponsor Wrap Fee programs.

## **Item 5 - FEES AND COMPENSATION**

### **CSA Investment Management Services and CSA Alternative Investment Strategies**

#### Advisory Fee

For the CSA Investment Management Services, as well as the CSA Alternative Income Strategies the annual advisory fee is 1% of the market value of the portfolio which is billed 0.25% each calendar quarter either in advance or in arrears (stipulated in the client's advisory agreement) based on the market value of the portfolio on the last day of the previous quarter.

#### Proration for New Accounts

For new client accounts, the first payment is a pro-rata calculation due upon execution of the advisory agreement that takes into consideration the number of days remaining in the quarter and the initial value of the portfolio. The formula used to calculate the initial advisory fee would be as follows:  $(\text{Result of Quarterly Calculation}) \times (\text{Days Remaining in Quarter}) / (\text{Total Number of Days in Quarter})$ . For advisory fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays. For new accounts, the number of days

remaining in the quarter is the number of calendar days following the funding date of the new account.

### Valuation

Valuations are provided to CSA from the custodian and/or client statements. In the event a security is not priced by the client's custodian or CSA believes that the custodian's price does not adequately represent investment value, we may obtain a price from the issuer of the security or other independent third-party or otherwise take steps to "fair value" the security, in accordance with CSA's internal valuation procedures.

### Direct Debit or Invoice

It is up to the client whether they wish to have the advisory fees withdrawn directly from their custodian account or pay by check. With client authorization, CSA will automatically withdraw CSA's advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on CSA's instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account. CSA will send an invoice to all clients who choose not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

### Billing Statements

CSA will send a statement to each client who authorizes CSA to instruct the custodian to withdraw fees directly from the account. The statement will show the amount of the fee, the value of the client's assets upon which we based the fee, and the specific manner in which we calculated the fee. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

### Termination

Either party may terminate the agreement upon thirty (30) days written notice to the other party. Upon termination of the agreement, any earned, unpaid advisory fees will be due and payable. The client will receive an invoice showing the advisory fees due for services rendered and not yet paid. If applicable, CSA will refund the client any prepaid, unearned advisory fees. The refund will be prorated based on the date CSA received notification of the cancellation.

### **Morningstar<sup>®</sup> Managed Portfolios<sup>SM</sup> Program Fees**

An annual Program fee is charged quarterly either in advance based on the prior period's ending balance or in arrears based on the average daily balance for the applicable period.

The Program fee consists of two parts (collectively Annual Program Fee):

- Morningstar Investment Services (“MIS”) Fee – A fee relating to services performed or provided by MIS including discretionary investment management services, communications to you and your Financial Advisor, marketing activities and services provided by the Middle-Office Provider; and
- Advisory Firm Fee – A fee covering the services performed by your Advisory Firm and/or Financial Advisor. CSA receives referrals from other advisors and pays solicitors fees to the referring advisor per a solicitor’s agreement. The solicitor’s fee is disclosed to the client, and clients under such arrangements do not pay higher fees due to the solicitor’s arrangement.

### **Mutual Fund Strategies (including the Active/Passive Strategies)<sup>1</sup>**

The standard fee schedule for the Mutual Fund Strategies (including the Active/Passive Strategies)<sup>1</sup> is:

	First <u>\$500K</u>	Next <u>\$500K</u>	Next <u>\$1MM</u>	Over <u>\$2MM</u>
MIS Net Fee <sup>2,3,4</sup>	0.40%	0.35%	0.30%	0.20%
CSA Advisory Fee	1.10%	1.05%	1.00%	0.90%
Total Fee	1.50%	1.40%	1.30%	1.10%

Annual Minimum MIS Net Fee<sup>5</sup>: \$200

### **ETF Strategies**

The standard fee schedule for the ETF Strategies<sup>9</sup> is:

	First <u>\$1MM</u>	Next <u>\$4MM</u>	<u>Thereafter<sup>8</sup></u>
MIS Fee <sup>4</sup>	0.30%	0.25%	0.20%
CSA Advisory Fee	1.10%	1.10%	1.10%
Total Fee	1.40%	1.35%	1.30%

Annual Minimum MIS Fee: \$150

### **Stock Basket Strategies**

The standard fee schedule for the Stock Basket Strategies<sup>6</sup> is:

	First \$1MM	Next \$4MM	Thereafter <sup>8</sup>
MIS Fee <sup>7</sup>	0.55%	0.50%	0.45%
CSA Advisory Fee	1.10%	1.10%	1.10%
Total Fee	1.65%	1.60%	1.55%

Annual Minimum MIS Fee – Custom: \$1,375

Annual Minimum MIS Fee – Strategist: \$550

In certain situations, MIS and the Advisory Firm may negotiate the MIS Fee amount and/or breakpoints applicable to your account. For those employees of MIS and its affiliates and their immediate families, MIS may waive the entire fee.

1 The Mutual Fund Strategies may contain ETFs; please refer to the MIS Form ADV Part 2A brochure for important information related to ETFs.

2 The Portfolios' underlying mutual funds incur their own internal expenses such as management, transfer agent, shareholding servicing, and 12b-1 fees. In certain situations, MIS receives an indirect benefit from those mutual funds who pay MIS' back-office service provider ("Provider") shareholding servicing fees directly. The Provider, in turn, reduces the monthly fee payable by MIS to it (in accordance with the agreement between the Provider and MIS) by the amount of shareholding servicing fees it receives relating to the clients' assets in the Program. To mitigate the conflict of interest this may present (e.g., incentive to select mutual funds with shareholder servicing fees), MIS deducts from its gross advisory fee at each tier a flat credit amount that is an amount equal to the greater of 25 basis points (i.e., 0.25%) or the aggregate fees received by MIS' Provider from the mutual funds. The result—gross advisory fee minus the credit amount—is the MIS Net Fee.

3 The MIS Net Fee for ECO will be assessed a fee of 0.20% across all break points.

4 Does not include fees/commissions associated with executing transactions nor the internal expenses of ETFs and/or mutual funds. It also does not include the Advisory Firm Fee. Additionally, this fee covers costs associated with MIS' service provider services such as a trading infrastructure and client accounting and reporting.

5 The Annual Minimum MIS Fee is applied to those accounts at a Clearing Firm only.

6 The Select Stock Basket Strategies consist primarily of common stocks listed on U.S. stock exchanges and may also contain American Depositary Receipts ("ADRs") or foreign stocks listed on an U.S. exchange; please refer to the MIS Form ADV Part 2A brochure for important information related to common stocks and ADRs.

7 Does not include fees/commissions associated with executing transactions nor the Advisory Firm Fee. Additionally, this fee covers costs associated with MIS' service provider services such as a trading infrastructure and client accounting and reporting.

8 For clients with account assets of \$5 million or above, MIS Fee is negotiable.

9 The ETF Strategies consist primarily of ETFs; please refer to the MIS Form ADV section for important information related to ETFs.

### Supplemental Fee Information

As the result of MIS' discretionary authority, investment decisions made for a Stock Basket

Strategy, ETF Strategy and Mutual Fund Strategy account (if held at a brokerage firm) will result in you incurring brokerage commission/fees imposed by your Clearing Firm (“Clearing Fees”). The payment of these Clearing Fees is solely your responsibility. Your Clearing Firm will charge your account directly for any applicable Clearing Fees. These Clearing Fees are in addition to the above-mentioned Annual Program Fee.

When securities can be traded in more than one marketplace, your Clearing Firm will use its discretion in selecting the market in which such orders are entered. Please be aware that your Clearing Firm may receive remuneration, compensation or other consideration for directing orders to particular broker/dealers or market centers for execution (i.e., payment for order flow) and that MIS does not participate in such arrangements.

Exchange-traded funds have their own internal fees and expenses such as investment advisory, administration, and other fund-level expenses and that by investing in them you incur a proportionate share of those fees and expenses. Those fees and expenses are in addition to the above-mentioned Annual Program fee and Clearing Fees.

You may also incur certain charges by your Clearing Firm or its affiliates related to retirement plan accounts such as IRAs. You understand that these charges are in addition to the abovementioned Annual Program fee and Clearing Fees. American Depository Receipts (“ADRs”) are typically created, organized and administered by a U.S. bank. Generally, these banks charge a fee for their services (e.g., custody) and may deduct these fees from the dividends and other distributions generated from the ADR shares. In addition, banks incur expenses, such as converting foreign currency into U.S. dollars, and as a result may pass those expenses on to the ADR shareholder. You understand that these fees and expenses are in addition to the above-mentioned Annual Program Fee and Clearing Fees.

### **Overlay Management and Sub-advised Management**

CSA provides overlay management with TPAMs and offers WRAP and non-WRAP pricing.

- **WRAP:** The client will pay the TPAM 0.85% annually as described in the TPAMs disclosure document and advisory agreement which must be executed by the client. In addition, CSA may charge an overlay management fee of up to 1% annually. The total fee could be up to 1.85% and would be collected from the account by the TPAM, and the TPAM would remit CSA’s portion of the fee to the firm. In a WRAP account transaction fees are borne by the TPAM and the client will not be responsible for transaction fees.
- **Non-WRAP:** The client will pay the TPAM 0.65% annually as described in the TPAMs disclosure document and advisory agreement which must be executed by the client. In addition, CSA may charge an overlay management fee of up to 1% annually and the client would pay transaction fees (commissions) as disclosed by the TPAM. The advisory fee would be collected from the account by the TPAM, and the TPAM would remit CSA’s portion of the fee to the firm.

## Adhesion Wealth Advisor Solutions

Fees are charged quarterly in arrears based on the value of the account as of the last day of the prior calendar quarter. The initial fee is pro-rated from the date the initial deposit is credited to the account. There are four layers of fees in the Adhesion platform:

- CSA advisory fee – this fee is negotiable and may be up to 1% annually
- Adhesion platform fee which will include the tax overlay fee, if selected

Account size	ETF Select or Model eXchange	Multi-manager Allocation	Tax overlay
<\$750,000	0.12% annual	0.15% annual	0.12% annual
>=\$750,000	0.08% annual	0.10% annual	0.08% annual
Minimum annual fee	\$60.00	\$120.00	

- Third-party asset manager fee – can range from 0.10% to 0.75% annually and will be incorporated into the Adhesion fee
- Custodial fee to TD Ameritrade – TD Ameritrade will charge an asset-based fee in lieu of commissions on each transaction.

Asset Amount	Pricing (annual)
\$25,000 to \$250,000	0.22%
Next \$250,000	0.12%
Next \$1,500,000	0.08%
Over \$2,000,000	0.06%
Annual minimum custodial fee	\$200
Minimum initial investment	\$25,000

Custodial fees will not be assessed on any portfolio assets allocated to non-transaction fee mutual funds. If the portfolio is 100% allocated to non-transaction fee mutual funds the minimum annual fee will be waived.

## Solicitor Fees

Through a Solicitor's Agreement, CSA receives compensation from the Managers that CSA refers clients to. This fee is based on a percentage of the assets under management by the Manager. The relationship between CSA and the Manager will be disclosed to the client in writing prior to commencement of the services. CSA and the Manager enter into a written agreement pursuant to which the Manager will compensate CSA for introducing or referring the client to the Manager. There is no differential in the fees charged to the client by the Manager attributable to the agreement between CSA and the Manager. Accordingly, the Manager will not charge the client any additional fees or expenses as a result of the referral activities of CSA. Clients should refer to Item 14, Client Referrals and Other Compensation, for additional information.

Clients should refer to each Manager's Firm Brochure or other disclosure document for specific information regarding fees, billing practices, minimum required investments and termination of

advisory agreements. The client's Investment Advisory Agreement with CSA is non-transferable without client's written approval and may be terminated by either party upon 30-days written notice.

Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by Managers, custodians, 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 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, CSA's fee. Clients should refer to Item 12. Brokerage Practices, for additional information.

One-third of the fee for a fixed-fee plan may be payable prior to initiating the plan, with the remainder due upon completion. Clients pay a portion of the fee in advance of the provision of any services and will pay the balance upon completion of the agreed upon services. If any fees are paid in advance, clients have five business days after signing an agreement with CSA to terminate the agreement without penalty. If a client terminates the agreement after the first five business days, client will either receive a refund or a portion of the fee paid; or be charged a portion or all of the balance of the fee due, depending on the value of services provided by CSA before notice of termination was received.

### **Retirement Plan Consulting Services**

CSA is compensated pursuant to an agreed upon fee schedule included in each retirement plan advisory agreement signed by the plan sponsor. The type and amount of the fees charged to the client are negotiable. Generally, CSA is compensated in one of the following ways:

- **Assets Under Management**
  - Under this method, the fees paid to CSA will be determined by reference to the value of plan assets held in custody by the plan's custodian.
  - Generally, CSA charges an annualized fee of up to 1.00% of the plan assets for the retirement plan services described above.
  - Asset based fees are generally collected either in advance, arrears or determined according to the policies of the plan's recordkeeper.
  - When fees are determined on a quarterly basis (whether in advance or arrears), the fees will be based on the value of the Account as of the close of business on the last day of the most recent calendar quarter.
- **Flat Fee**
  - CSA may charge a flat fee that will generally not exceed 1.00% of the plan's assets unless there are special circumstances warranting a higher fee.
  - In some instances, fixed fees may be subject to an annual cost of living adjustment of up to 3%.
  - Flat fees are generally collected in one of the following ways:
    - Flat fees for ongoing services fees are billed quarterly based on a schedule included in the signed advisory agreement with the plan sponsor.
    - Flat fees for one-time projects may be charged an initial deposit with the balance due upon completion of the project.

Under no circumstance will CSA require prepayment of a fee more than six months in advance and in excess of \$500. The manner in which fees are paid to CSA can occur in either of the following ways:

- Invoice Plan Sponsor Directly
  - Under this method, CSA will invoice the plan sponsor directly.
  - The plan sponsor pays the invoice from its general assets.
  - Under this method plan assets are not used to pay the invoice.
- Invoice Third Party Directly
  - Under this method, the plan sponsor will authorize CSA a third party (generally the plan's recordkeeper) for services.
  - Under this method, compensation paid to CSA can occur in either of the following ways:
    - Direct Compensation. In this instance, fees paid to CSA will be charged directly against the plan's assets.
    - Indirect Compensation. In this instance the compensation is received from any source other than the plan or the plan sponsor. Under this method the plan's recordkeeper will maintain a record of all revenue generated by plan assets (e.g., 12b-1 fees and sub-transfer agency fees) and then pays the appropriate advisory fee to CSA from this pool of collected funds.

The Plan may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to:

- custodial fees
- brokerage commissions
- transaction fees
- charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the Plan, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses)
- certain 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

Service providers to the retirement plan (e.g., recordkeeper, third party administrator, broker-dealers, platform providers, investment advisors, etc.) are required to provide retirement plan sponsors with a Fee Disclosure Notice pursuant to ERISA Rule 408(b)(2). This Fee Disclosure notice will provide the plan sponsor with information including, but not limited to, services provided to the plan and the compensation received for those services. The advisory agreement between CSA and the plan sponsor serves as the Fee Disclosure Notice from CSA.

## **Financial Planning Services**

A comprehensive Financial Plan is developed through consultations with clients for an hourly fee of either \$100-300 or a fixed fee ranging from \$300-\$5000 depending on complexity and unique client needs. The fee ranges depending on the complexity of the service provided by CSA, and could be higher for a more senior Advisor or the fee could be lower for services that are purely administrative.



These financial planning services may include advice and assessments concerning investments, insurance needs, retirement planning, cash flow management, debt consolidation, capital needs, educational planning, estate planning, and business planning, tailored to the needs of the client as a result of a review of the client's risk profile, investment goals, and investment objectives.

The fixed fee might be a more cost effective rate; based on the number of hours to develop a complex and intricate plan rather than being charged an hourly rate service.

Lower fees for comparable services may be available from other sources. All financial planning fees are negotiable.

All financial planning fees are agreed upon prior to the Financial Planning Agreement being signed by the client. Clients are billed directly for these services after the Financial Plan is completed, however, should the client terminate the Agreement prior to completion of the Plan, services provided through the termination date must be paid upon receipt of the invoice. Client will receive the completed plan, based on fees being paid in full, on the agreed upon date or date of termination. If client has decided to terminate the contract before the plan is complete, client will receive the partially completed plan based on the amount of fees paid to Advisor.

Educational seminars are offered for a fee of up to \$100. This fee is established prior to the seminar and is negotiable prior to the seminar. Seminars serve as a way to provide information on financial and lifestyle issues for current and prospective clients.

### **Other Fees**

Clients are responsible for paying brokerage commissions or an asset-based fee in lieu of commissions. The exact fees are disclosed in the custodian's account opening paperwork. CSA's advisory fee for all accounts does not include other custodian fees, including transfer fees, margin charges, and/or other miscellaneous transaction related costs, from the assets in the account. These charges are in addition to the fees client pays to CSA.

Advice offered by CSA may involve investment in ETFs and mutual funds. Clients are advised that all fees paid to CSA for investment advisory services are separate and distinct from the fees and expenses charged by ETFs and mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. This represents an additional layer of fees that impacts the investment returns. Further, there may be transaction charges involved with purchasing or selling of securities. CSA does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by ETFs and mutual funds, CSA, and others to fully understand the total amount of fees to be paid by the client.

### **General Information on Advisory Services and Fees**

Although CSA believes its advisory fees are competitive, lower fees for comparable services may be obtained from other sources. All fees are subject to negotiation.

## **Potential Conflicts of Interest**

This section contains information concerning possible conflicts of interest that clients should be aware of on a continuing basis. CSA's Advisors may also be registered representatives of Center Street Securities, Inc., a broker-dealer registered with FINRA ("Center Street Securities"), and sell insurance products on behalf of Center Street Insurance and Thacker & Associates, each affiliates of CSA, or other insurance company where an Advisor is licensed to sell insurance products. As such, these individuals may be engaged in the purchase and sale of securities and insurance products and may receive compensation in the form of commissions through Center Street Securities, Center Street Insurance and Thacker & Associates.

Financial planning recommendations and Manager recommendations may include products offered by Center Street Securities, Center Street Insurance, Thacker & Associates, or other insurance company where an Advisor is licensed to sell insurance products. If a client or Manager requests that an Advisor execute transactions in their separate capacity as registered representatives or insurance agents, these individuals will earn commissions, including asset based charges or service fees from the sale of mutual funds, which are separate and distinct from the fees charged by CSA for advisory services. Clients are advised that because of these compensation arrangements, a conflict of interest may exist in connection with the recommendation of a particular investment recommendation for a client's account because this gives the Advisor an incentive to recommend investment products based on compensation received, rather than on the client's needs. This conflict is disclosed to clients in the Financial Planning Agreement, and is disclosed to clients at the time of engagement. CSA has adopted policies and procedures to address the conflicts presented by these relationships. For example, as part of the CSA's fiduciary duty to its clients, CSA and its representatives will endeavor at all times to put the interest of its Clients first.

Clients are not obligated to use Center Street Securities, Inc., Center Street Insurance, or Thacker & Associates for the execution of any services recommended by CSA. The choice of broker/dealer and insurance company is completely at the discretion of the client.

With respect to CSA's compensation for financial planning services, should a client engage Center Street Securities, Center Street Insurance, Thacker & Associates, or another insurance company where an Advisor is licensed to sell insurance products, for implementation of the recommendations made within the plan, it is possible that more than 50% of the revenue derived from Clients results in commissions and other compensation for the sale of investment products recommended to clients. However, as CSA also receives referral fees, commissions do not provide the Firm's primary revenue.

If the client chooses to have Center Street Securities, Center Street Insurance or Thacker & Associates, or another insurance company where an Advisor is licensed to sell insurance products, implement the financial plan's recommendations, CSA may reduce the financial planning fee.

## **Item 6 – PERFORMANCE BASED-FEES**

CSA is not compensated on the basis of a share of capital gains upon, or capital appreciation of,

the funds or any portion of the funds of the client.

## **Item 7 - TYPES OF CLIENTS**

CSA provides investment advice and prepares financial plans for individuals (including high net worth individuals), trusts, estates, and charitable organizations.

CSA's cumulative household minimum account size is \$50,000. However, based on facts and circumstances, CSA may at its sole discretion, accept accounts with a lower value.

## **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

CSA may use charting, fundamental, technical and cyclical analysis in creating a financial plan for clients. The main sources of information used by CSA in its analysis are: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings made with the SEC, and company press releases. The following definitions are intended to educate clients about the various types of analysis that CSA may use:

**Charting** - Stock chart training is an important skill to learn whether you are investing for retirement or learning to trade the stock market. Stock charts are one of the core market knowledge skills. Stock charts provide a window on the market that reveals how stock prices fluctuate over time.

**Fundamental analysis** allows CSA to determine a company's business history by analyzing its financial performance against appropriate indices, peer investments, management consistency and tenure, competitive advantages, and its competitors and markets. It also may focus on the overall state of the economy, interest rates, production, earnings, and management. Fundamental analysis is based on historical information that may change when major changes occur at a company, such as an executive retiring or terminating, or with fluctuations in the economy.

**Technical analysis** attempts to identify price patterns and trends in financial markets and attempts to make use of those patterns. Although various methods and tools are used, the study of price charts is a primary indicator that helps determine the price direction of a security as the analyst seeks to forecast price movements. However, it is important to remember that stock prices fluctuate so that it is not possible to forecast a definite price of a security.

**Cyclical Analysis** is a method used to determine targets. When using cyclical analysis to determine intermediate term price projections, analysts usually focus on the cycle that has an average time duration of 20 weeks. In theory, a stock's price would go up for 10 weeks and then decline for 10 weeks completing the 20-week cycle. Analysts construct a half cycle which is simply a 10-week simple moving average. When the moving average turns up, the analyst will note the closing price for the stock, count back 5 weeks and note the stock's closing price, then take the difference between the two closes and add it to the most recent close. That is the preliminary target that should be achieved over the next 5 weeks. Conversely, when the 10-week moving average turns down, the analyst will note the closing price for the stock, count back 5 weeks and note the closing price, then take the difference between the two closes and subtract it

from the most recent close. That is the preliminary target that should be achieved.

Third-Party Investment Manager Analysis allows CSA to examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We review the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

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

#### Direct Participation Programs and Private Placements

**Liquidity Risk:** CSA recommends limited partnerships and/or private placements in the Alternative Investment Strategies to clients based on factors that include but are not limited to accreditation status, the level of interest clients express during meetings with CSA, and whether the program would offer diversification to the client. We consider these types of investments to carry a higher degree of risk than traditional stock and bond portfolios. Generally, there is no ready market for direct participation programs and private placements. Consequently, investments in these securities are limited to persons who meet certain income and/or net worth requirements. CSA will recommend such securities only to clients who meet the necessary income and/or net worth requirements and where CSA believes the investment is appropriate for the client based on the client's ability to accept the risk.

**Due Diligence:** CSA performs due diligence on direct participation programs which includes reviewing third-party due diligence reports, regulatory filings, the firm's disclosure documents, sales literature, track record, experience and can include telephonic or in-person interviews with representatives from each investment sponsor.

#### **Investment Strategies**

CSA does not specialize in using one particular type of investment strategy, but rather when creating a financial plan for clients, uses different strategies designed to comply with the financial and personal history and investment objective of the client. Strategies used may include long-term purchases of securities (those held at least one year) as well as short-term purchases of securities (those that are sold within a year). Clients may accept or reject all of our financial plan investment recommendations.

**Risk of Loss:** No investment can be made without some risk of loss. The most conservative investments risk the loss of purchasing power with virtually any amount of inflation. Most of

the investments recommended will carry market risk of varying degrees. There can be no guarantee of a positive outcome of any kind and neither principal nor a return of any kind is guaranteed.

Clients should refer to each Manager's Firm Brochure or other disclosure document for a full description of their methods of analysis, investment strategies and risk of loss.

## Item 9 - DISCIPLINARY INFORMATION

Neither CSA nor any of its management persons are currently, or have ever been, subject to:

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction; nor have they,
  - 1. ever been convicted of, or pled guilty or nolo contendere ("no contest") to
    - (a) any *felony*;
    - (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, or omissions, wrongful taking of property, bribery, perjury, forgery, false statements counterfeiting, or extortion; or
    - (c) a conspiracy to commit any of these offenses;
  - 2. ever been named the subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
  - 3. ever been *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
  - 4. ever been the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a *management person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.
  - 5. an administrative proceeding state regulatory agency, or any foreign financial regulatory authority, nor have they:
  - 6. been *found* to have caused an *investment-related* business to lose its authorization to do business; or
  - 7. been *found* to have been *involved* in a violation of an *investment-related* statute or regulation or been the subject of an *order* by the agency or authority:
    - (a) denying, suspending, or revoking the authorization of your firm or a *management person* to act in an *investment-related* business;
    - (b) barring or suspending your firm's or a *management person's* association with an *investment-related* business;
    - (c) otherwise significantly limiting your firm's or a *management person's* *investment related* activities; or
    - (d) imposing a civil money penalty of more than \$2,500 on your firm or a *management person*.
- B. A self-regulatory organization proceeding nor were they
  - 1. *found* to have caused an *investment-related* business to lose its authorization to do

- business; or
2. *found* to have been *involved* in a violation of the *SRO's* rules and was:
- (a) barred or suspended from membership or from association with other members, or was expelled from membership;
  - (b) otherwise significantly limited from *investment-related* activities; or
  - (c) fined more than \$2,500.

#### **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Billy Aycock, Chief Compliance Officer of Center Street Advisors, Inc., Due Diligence Officer and a Registered Principal with Center Street Securities.

Jack R. Thacker, President and Director of Center Street Advisors, Inc., is President and a Registered Principal with Center Street Securities.

Thomas S. Lisk, a Director of Center Street Advisors, Inc., is Chief Operating Officer and a Registered Principal with Center Street Securities.

Anna English, Corporate Secretary of Center Street Advisors, Inc., is the Corporate Secretary and Financial and Operations Principal of Center Street Securities.

Mr. Aycock, Mr. Thacker, Mr. Lisk, Ms. English, and other management persons of the Advisor are not registered and do not have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an association person of any of these entities.

Jack R. Thacker is the President of Center Street Securities, a broker/dealer, and an agent of Center Street Insurance, Inc., an insurance agency, each wholly owned by Center Street Holdings, Inc. In addition, he is owner and President of Thacker & Associates, LLC, an insurance agency. He is also the owner of Thacker Properties, LLC, a real estate management company, and owns a small family farm. Neither Thacker Properties, LLC, nor any persons affiliated with it, are real estate brokers, or dealers. He is also the owner of Resource Media, LLC, an advertising company. Mr. Thacker spends approximately 70% of his time on other business activities.

Thomas S. Lisk is the Chief Operating Officer of Center Street Securities and an agent with Center Street Insurance, LLC, an insurance agency, wholly owned by Center Street Holdings, Inc. Mr. Lisk is also an agent with Thacker & Associates, LLC an insurance agency owned by Mr. Thacker. Mr. Lisk spends approximately 60% of his time on other business activities. Billy Aycock is the Due Diligence Officer of Center Street Securities Mr. Aycock spends approximately 40% of his time on other business activities. A conflict of interest may occur because Mr. Aycock is a registered representative of Center Street Securities and a Registered Investment Advisor for Center Street Advisors.

A conflict of interest may occur because Mr. Thacker and Mr. Lisk are registered representatives of Center Street Securities and insurance agents of Center Street Insurance and Thacker & Associates, LLC. As registered representatives and insurance agents, Mr. Thacker and Mr. Lisk receive commissions for the sale of investment and insurance products.

As stated under Item 5( e) Fees and Compensation, financial planning recommendations and Manager recommendations may include products offered by Center Street Securities, Center Street Insurance or Thacker & Associates. If a client or Manager requests that an Advisor execute transactions in their separate capacity as registered representatives or insurance agents, these individuals will earn commissions, including asset based charges or service fees from the sale of mutual funds, which are separate and distinct from the fees charged by CSA for advisory services. Clients are advised that because of these compensation arrangements, a conflict of interest may exist in connection with the recommendation of a particular investment recommendation for a Client's account because this gives the Advisor an incentive to recommend investment products based on compensation received, rather than on the client's needs. This conflict is disclosed to clients in the Financial Planning Agreement, and is disclosed to clients at the time of engagement. CSA has adopted policies and procedures to address the conflicts presented by these relationships. For example, as part of the CSA's fiduciary duty to its clients, CSA and its representatives will endeavor at all times to put the interest of its clients first.

Clients are not obligated to use Center Street Securities, Inc., Center Street Insurance, or Thacker & Associates the execution of any services recommended by CSA. The choice of broker/dealer is completely at the discretion of the client.

Through a Solicitor's Agreement, CSA receives compensation from each Manager. This fee is based on a percentage of the assets under management by the Manager. The relationship between CSA and the Manager will be disclosed to the client in writing prior to commencement of the services. CSA and the Manager enter into a written agreement pursuant to which the Manager will compensate CSA for introducing or referring the client to the third-party manager. There is no differential in the fees charged to the client by the Manager attributable to the agreement between CSA and the Manager. Accordingly, the Manager will not charge the client any additional fees or expenses as a result of the referral activities of CSA.

CSA ensures that all Managers are properly registered as an investment adviser.

A CSA Advisor will meet with clients at least annually to review investments, or more often if requested by the client or if it appears necessary. CSA will also assist the client in selecting a new Manager in the event that the client determines a change is necessary. Any change to a new Manager is solely at the discretion of the client.

## **Item 11 - CODE OF ETHICS**

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act") CSA has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth the firm's practice of supervising the personal securities transactions of employees who maintain access to client information. Employees of CSA have received a copy of the Code of Ethics and acknowledge having read and understood it.

A copy of the Code of Ethics is available to existing and prospective clients upon request by



notifying Mr Aycock via the phone number, e-mail address, or U.S. Postal address listed on the Cover Page.

Neither CSA nor any of its related persons recommends securities to clients, or buys or sells for client accounts, securities in which CSA or the employee has a material financial interest.

Neither CSA nor any of its related persons recommend securities to clients.

Neither CSA nor any of its related persons recommend securities to clients.

## **Item 12 - BROKERAGE PRACTICES**

### CSA Investment Management Services

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

### Alternative Investment Strategies

CSA requires clients to open one or more brokerage accounts in their own name with DST Systems who will hold the assets for safekeeping. The client will enter into a separate agreement with DST to custody the assets. CSA considers several factors in recommending a broker-dealer/custodian to a client. Factors that CSA may consider when recommending a broker-dealer/custodian may include the ability to custody the assets, ease of use, reputation, service, pricing and financial strength.

### Third-Party Investment Mangers

CSA does not select or recommend broker-dealers for client transactions. Clients should refer to each Manager's Firm Brochure or other disclosure document for specific information its' Brokerage Practices.

## **Item 13 - REVIEW OF ACCOUNTS**

All accounts that are referred to a Manager are reviewed at least annually, by the relevant CSA Advisor, to ensure that the Manager is acting in accordance with the client's stated investment objectives.

CSA reviews client accounts and recommends adjustments in the event of changes in market conditions or the personal financial situation of the client.

CSA does not provide regular reporting to clients. Clients will receive statements from the Managers and qualified custodians.



## **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### **Benefits Received from TD Ameritrade**

As disclosed under Item 12, above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

### **CSA Acting as a Solicitor**

CSA enters into written agreements pursuant to which the Manager will compensate CSA for introducing or referring a client to the Manager. There is no differential in the fees charged to the client by the third-party manager attributable to the agreement between CSA and the third-party manager. Accordingly, the Manager will not charge the client any additional fees or expenses as a result of the referral activities of CSA.

CSA is compensated through a portion of assets under management by the Manager. Specifically, pursuant to the customer agreement that is signed between the client and the Manager, and the agreed upon fee schedule therein, the Manager will retain its portion of the disclosed fee and will compensate CSA with the remainder of the fee.

### **CSA Receiving Referrals from Solicitors**

CSA enters into written agreements pursuant to which CSA will compensate a solicitor for

introducing or referring a client to CSA. There is no differential in the fees charged to the client attributable to the agreement between CSA and the solicitor. Accordingly, CSA will not charge the client any additional fees or expenses as a result of the referral activities of the solicitor.

CSA compensates solicitors through a portion of the assets under management. Specifically, pursuant to the customer agreement that is signed between the client and CSA, and the agreed upon fee schedule therein, CSA will retain its portion of the disclosed fee and will compensate the solicitor with the remainder of the fee which is outlined in the Solicitor's Disclosure Statement provided to the client.

### Marketing Assistance

On occasion CSA may receive marketing assistance from product sponsors such as subsidizing or reimbursing the cost of seminar mailers. The receipt of these payments represents a potential conflict of interest but CSA does not believe the assistance is material enough to bias investment recommendations.

### **Item 15 - CUSTODY**

Under no circumstances will CSA have custody of client funds or securities. All client funds and securities are held by a qualified custodian who provides clients with a statement of their account at least quarterly. Clients are urged to compare and reconcile their account statements with the information received from CSA.

### **Item 16 - INVESTMENT DISCRETION**

CSA does not have discretionary authority over any client accounts.

Recommendations in non-discretionary accounts are communicated to the client, and the client makes all investment decisions.

### **Item 17 - VOTING CLIENT SECURITIES**

CSA does not, and will not, accept authority vote securities on behalf of advisory clients.

CSA does not have authority to vote client securities. Clients are responsible for receiving and voting proxies for any and all securities maintained in their accounts.

### **Item 18 - FINANCIAL INFORMATION**

Under Rule 206(4)-4 of the Advisers Act, investment advisers are required to disclose certain information about their business practices that might serve as material to the client's decision in choosing an investment adviser.

CSA does not require the pre-payment of any fees six months or more in advance of services or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligation to clients.