

**Form ADV Part 2A: *Firm Brochure***

**Item 1 – Cover Page**

**Cudlipp Advisor Services, LLC**

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Pittsford, NY 14534

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Date of Disclosure Brochure: January 31, 2018

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This disclosure brochure provides information about the qualifications and business practices of Cudlipp Advisor Services, LLC (also referred to as we, us and Cudlipp Advisor Services, LLC throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Michael Cudlipp at 585-383-6555 or [mcudlipp@cudlippfinancial.com](mailto:mcudlipp@cudlippfinancial.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cudlipp Advisor Services, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Cudlipp Advisor Services, LLC or our firm's CRD number.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

The material changes in this brochure from the last annual updating amendment of Cudlipp Advisor Services, LLC on 03/15/2017 are described below. Material changes relate to Cudlipp Advisor Services, LLC's policies, practices or conflicts of interests.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

- Cudlipp Advisor Services, LLC has updated other financial industry activities and affiliations (Item 10).
- Cudlipp Advisor Services, LLC has updated assets under management (Item 4).

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## Item 4 – Advisory Business

Cudlipp Advisor Services, LLC is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”)

- Michael Cudlipp is the Managing Member and Chief Compliance Officer (CCO) of Cudlipp Advisor Services, LLC. He owns 100% of the firm.
- Cudlipp Advisor Services, LLC filed its initial application to become registered as an investment adviser in January 2015.

### **Introduction**

The investment advisory services of Cudlipp Advisor Services, LLC are provided to you through an individual who is an investment adviser representative of Cudlipp Advisor Services, LLC (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Cudlipp Advisor Services, LLC. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Cudlipp Advisor Services, LLC before we can provide you the services described below.

**Asset Management Services** – Cudlipp Advisor Services, LLC offers asset management services, which involves Cudlipp Advisor Services, LLC providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Limits Advice to Certain Types of Investments**

Cudlipp Advisor Services, LLC provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-Listed Equities
- Securities Traded Over-the-Counter
- Corporate Debt Securities
- Municipal Securities
- US Government Securities
- Closed End Interval Funds

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information.)

### **Tailor Advisory Services to Individual Needs of Clients**

Cudlipp Advisor Services, LLC's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client accounts through our firm's Asset Management Services program, we may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and

mandates. Our models and, therefore, managed accounts are generally comprised of mutual funds, ETFs and occasionally individual stock positions.

**Client Assets Managed by Cudlipp Advisor Services, LLC**

As of December 31, 2017 our assets under management totaled \$54,613,738 all managed on a discretionary basis. Please refer to Item 16 – Investment Discretion for more information.

**Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Cudlipp Advisor Services, LLC.

**Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a monthly basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the Account when services commence and is due immediately and will be deducted from Account when services commence.

The asset management services continue in effect until terminated. You may terminate the services by providing Cudlipp Advisor Services, LLC with notice. Cudlipp Advisor Services, LLC may terminate the services by providing you with written notice effective 30 days after you receive the written notice. Any prepaid, unearned fees will be promptly refunded by Cudlipp Advisor Services, LLC to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Fees charged for our asset management services are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

The annual fee for asset management services will be as follows:

- Accounts up to \$500,000 = 1.5%
- Accounts between \$500,000 - \$1,000,000 = 1.25%
- Accounts over \$1,000,000 = 1.00%

Cudlipp Advisor Services, LLC believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account.

If you choose to have the investment advisory fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to Cudlipp Advisor Services, LLC.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Cudlipp Advisor Services, LLC does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Cudlipp Advisor Services, LLC in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Cudlipp Advisor Services, LLC are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

#### **Item 7 – Types of Clients**

Cudlipp Advisor Services, LLC generally provides investment advice to the following types of clients:

- Individuals including high net worth individuals
- Trusts, estates, and charitable organizations
- Corporations and other business entities

You are required to execute a written agreement with Cudlipp Advisor Services, LLC specifying the particular advisory services in order to establish a client arrangement with Cudlipp Advisor Services, LLC.

#### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by Cudlipp Advisor Services, LLC. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Cudlipp Advisor Services, LLC.

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

### **Methods of Analysis**

Cudlipp Advisor Services, LLC uses Fundamental analysis in formulating investment advice. Fundamental analysis is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

### **Investment Strategies**

If you may engage us to provide Asset Management Services, we will recommend that you invest in accordance with one or more of our Exchange Traded Funds (ETFs) portfolios. We may also hold mutual funds and equity positions to compliment or supplement mutual fund holdings. We research ETFs and mutual funds to determine which investments should be on our list of "Best in Breed Money Managers."

The first step we take in determining our list of "Best in Breed Money Managers" is to establish the asset allocations of each of the portfolios. We use widely recognized broad asset allocations which are: income, conservative, moderate, moderate aggressive and aggressive. More generally speaking we utilize the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases. Investments held at least a year.
- Short term purchases. Investments sold within a year.
- Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

After determining the broad asset classes, we next determine the more detailed allocations using categories from large cap growth and value to international real estate. In most cases, we use at least eight sub-asset classes in each portfolio. We then break down the enormous world of mutual funds into these sub-asset classes. By doing so we are able to compare managers' styles and performance to other



managers who are buying the same types of stocks. By following these specific research procedures we are able to identify our “Best in Breed Money Managers.”

We re-evaluate ETFs on a monthly basis in order to determine whether changes are needed. If we are concerned about the performance of one of the investments, the investment will be placed on probation and tracked on a weekly basis. If we determine that the investment is solidly performing, then the investment will likely stay on our list of approved investments. If we determine that the underperformance is due to a manager change, a shift in investment policy or just poor selection, the mutual fund or investment will be replaced.

The last step in our approach is re-balancing. We rebalance accounts invested in accordance with a particular portfolio on a bi-annual basis.

### **Do Not Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client’s specific circumstances and needs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **ETF and Mutual Fund Risk** – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF’s or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

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

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Cudlipp Advisor Services, LLC is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

#### **Registered Representative of a Broker-Dealer**

Our representatives are also registered representatives of United Planners Financial Services of America, LP, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of United Planners Financial Services of America, LP. When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use United Planners Financial Services of America, LP and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use United Planners Financial Services of America, LP. Prior to effecting any such transactions, you are required to enter into a new account agreement with United Planners Financial Services of America, LP. The commissions charged by United Planners Financial Services of America, LP may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Insurance Agent**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent of Cudlipp Financial Services, Inc. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of Cudlipp Advisor Services, LLC by purchasing disability insurance, life insurance, annuities, or other insurance products through various independent insurance companies used by Cudlipp Financial Services, Inc. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

### **Accounting Services**

Michael Cudlipp is an accountant providing tax and accounting services through Cudlipp Accounting Services, Inc. If Michael Cudlipp determines that a client is in need of tax or accounting services, the client may be referred to Michael Cudlipp's accounting firm or practice. In addition, if accounting or tax clients of Michael Cudlipp are in need of investment advisory services, Michael Cudlipp acting in his or her separate capacity as an accountant may refer or recommend investment services available through Cudlipp Advisor Services.

Clients are not obligated in any manner to use the services or an accounting firm recommended or owned by Michael Cudlipp.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Cudlipp Advisor Services, LLC has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Cudlipp Advisor Services, LLC requires its supervised persons to consistently act in your best interest in all advisory activities. Cudlipp Advisor Services, LLC imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you.

The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Cudlipp Advisor Services, LLC. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

Cudlipp Advisor Services, LLC or supervised persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Cudlipp Advisor Services, LLC that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Cudlipp Advisor Services, LLC and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot prefer their own interests to that of the client.
- Supervised persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Supervised persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Cudlipp Advisor Services, LLC.

Any associated person not observing our policies is subject to sanctions up to and including termination.

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

If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility

- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

#### **Arrangement with Trust Company of America**

If you elect to utilize our management services we recommend that you establish a brokerage account at Trust Company of America (TCA). TCA provides Cudlipp Advisor Services, LLC with access to their institutional trading and custody services, which are typically not available to retail investors. The services from TCA include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

TCA also makes available to Cudlipp Advisor Services, LLC other products and services that we benefit from but may not benefit your accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts.

TCA also makes available other services intended to help us manage and further develop our business.

These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing.

In addition, TCA may make available, arrange and/or pay for these types of services rendered to Cudlipp Advisor Services, LLC by independent third-parties providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our requirement that you maintain your assets in accounts at TCA may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by TCA. This creates a potential conflict of interest.

#### **United Planners Financial Services**

If clients wish to have our investment adviser representatives implement advice in their separate capacity as registered representatives to execute trades on a strictly commission, non-discretionary basis, United Planners Financial Services will be used.

United Planners Financial Services serves as an introducing broker-dealer. All accounts established through United Planners Financial Services will be cleared and held through Pershing LLC. United

Planners Financial Services has a wide range of approved securities products for which United Planners Financial Services performs due diligence prior to selection. United Planners Financial Services registered representatives are required to adhere to these products when implementing securities transactions through United Planners Financial Services. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions are implemented through another broker/dealer. Because our investment adviser representatives are also registered representatives of United Planners Financial Services, United Planners Financial Services provides compliance and supervision support to our personnel as a registered office of United Planners Financial Services. United Planners Financial Services also provides back-office operational support, technology support and other administrative support.

United Planners Financial Services provides economic benefits to our firm not received if the client selects another broker/dealer or account custodian. These benefits may include negotiated costs for transaction implementation, a dedicated trade desk that services only United Planners Financial Services representatives and a dedicated service group. In addition, United Planners Financial Services provides an account services manager dedicated to my accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

#### **Directed Brokerage**

Clients are allowed to select the broker-dealer that will be used for their accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Cudlipp Advisor Services, LLC after effecting trades for other clients of Cudlipp Advisor Services, LLC. In the event that a client directs Cudlipp Advisor Services, LLC to use a particular broker or dealer, Cudlipp Advisor Services, LLC may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Cudlipp Advisor Services, LLC to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

#### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer. Cudlipp Advisor Services, LLC does not have a soft dollar agreement with a broker-dealer or a third-party.

#### **Block Trading Policy**

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. Cudlipp Advisor Services, LLC does not engage in block trading.

It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade

accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

Managed accounts are reviewed at least bi-annually with underlying investments reviewed on a more frequent basis. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Michael Cudlipp and any other Investment Advisor Representatives that may be affiliated with Cudlipp Advisor Services, with reviews performed in accordance with your investment goals and objectives.

#### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian.

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

#### **Client Referrals**

Cudlipp Advisor Services, LLC has arrangements with unaffiliated financial professionals and other outside solicitors (Referring Parties) to refer clients to Cudlipp Advisor Services, LLC. If a referred client enters into an investment advisory agreement with Cudlipp Advisor Services, LLC, a referral fee is paid to the Referring Party, which is based upon a percentage of the client advisory fees that are generated. The referral agreements between any referring party and Cudlipp Advisor Services, LLC will not result in any charges to clients in addition to the normal level of advisory fees charged.

When a client is referred to us by a referring party, the referring party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor's Disclosure Statement document. If the referring party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Disclosure Brochure.

Referral agreements between Cudlipp Advisor Services, LLC and Referring Parties are in compliance with state and federal securities rules regarding paid solicitor arrangements.

#### **Other Compensation**

In addition to the description of our fee arrangements provided in Item 5, our investment adviser representatives can receive additional benefits. Certain product sponsors may provide our investment adviser representatives with other economic benefits as a result of their recommendation or sale of the product sponsors' investments. The economic benefits received by our investment adviser representatives from product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist our investment adviser representatives in providing various services to clients.

Although Cudlipp Advisor Services endeavors at all times to put the interest of our clients ahead of our own or those of our officers, directors, or representatives ("supervised persons"), these arrangements

could affect the judgment of our supervised persons when recommending investment products. These situations present a conflict of interest that may affect the judgment of our supervised persons.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Cudlipp Advisor Services, LLC is deemed to have custody of client funds and securities whenever Cudlipp Advisor Services, LLC is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Cudlipp Advisor Services, LLC will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Cudlipp Advisor Services, LLC is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Cudlipp Advisor Services, LLC. When clients have questions about their account statements, they should contact Cudlipp Advisor Services, LLC or the qualified custodian preparing the statement.

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

When providing asset management services, Cudlipp Advisor Services, LLC maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of Cudlipp Advisor Services, LLC to consult with you prior to making significant changes in the account even when discretionary trading authority is granted.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach



you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Cudlipp Advisor Services, LLC so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

Cudlipp Advisor Services, LLC does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

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

This *Item 18* is not applicable to this brochure. Cudlipp Advisor Services, LLC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Cudlipp Advisor Services, LLC has not been the subject of a bankruptcy petition at any time.

#### **Customer Privacy Policy Notice**

**Commitment to Your Private Information:** Cudlipp Advisor Services, LLC has a policy of protecting the confidentiality and security of information we collect about our clients. We do not, and will not, share non-public personal information (“Information”) about you with outside third parties without your consent, except for the specific purposes described below. This notice has been provided to you to describe the Information we may gather and the situations under which we may need to share it.

**Why We Collect and How We Use Information.** We limit the collection and use of Information within our firm to only those individuals associated or employed with us that must have Information to provide financial services to you. Such services include maintaining your accounts, processing transaction requests, and providing the advisory services described in our Form ADV.

**How We Gather Information.** We get most Information directly from you when you provide us with information from any of the following sources:

- Applications or forms (for example: name, address, social security number, birth date, assets, income, financial history)
- Transactional activity in your account (for example: trading history and account balances)
- Information services and consumer reporting sources (for example: to verify your identity or to assess your credit history)
- Other sources with your consent (for example: your insurance professional, attorney or accountant)

**How We Protect Information.** Our employees and affiliated persons are required to protect the confidentiality of Information and to comply with our stated policies. They may access Information only when there is an acceptable reason to do so, such as to service your account or provide you with financial services. Employees who violate our Privacy Policy are subject to disciplinary action, up to and including termination from employment with us. We also maintain physical, electronic and procedural safeguards to protect Information, which comply with applicable SEC, state, and federal laws.

**Sharing Information with Other Companies Permitted Under Law.** We do not disclose Information obtained in the course of our practice except as required or permitted under law. Permitted disclosures include, for instance, providing Information to unrelated third parties who need to know such Information in order to assist us with the provision of services to you. Unrelated third parties may include broker/dealers, mutual fund companies, insurance companies, and the custodian with which your assets are held. In such situations, we stress the confidential nature of Information being shared.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your non-public information with strict confidentiality.