

## **CHEQUERS FINANCIAL MANAGEMENT LLC**

*a Registered Investment Adviser*

847 Sansome Street

Suite 250

San Francisco, CA 94111

415-529-4880

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

This brochure provides information about the qualifications and business practices of Chequers Financial Management LLC (hereinafter “Chequers” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, Chequers is required to discuss any material changes that have been made to the brochure since the last annual amendment. While certain information has been updated, the Firm has not made any material changes to the content of the brochure.

**Item 3. Table of Contents**

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

## Item 4. Advisory Business

Chequers offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Chequers rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Chequers setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Chequers has been registered as an investment adviser since 2015 and is wholly owned by Megan Gorman. As of January 6, 2016, Chequers had \$162,242,103 assets under management, \$153,291,860 of which was managed on a discretionary basis and \$8,950,243 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of Chequers, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, or any other person who provides investment advice on Chequers’ behalf and is subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

---

Chequers provides a variety of financial planning and consultation services to individuals, families, and other clients regarding the management of their financial resources based upon an analysis of clients’ current financial situations, goals, and objectives. Generally, such financial planning and consulting services will involve preparing a financial plan or rendering a financial consultation for clients based on clients’ financial goals and objectives. This planning or consulting may encompass one or more of the following areas: investment planning, retirement planning, estate planning, charitable planning, education planning, personal tax planning, cost segregation study, real estate analysis, mortgage/debt analysis, insurance analysis, lines of credit evaluation, and personal financial planning. Chequers also offers its family clients a broad suite of services including budgeting, insurance, charitable giving, wealth transfer and tax planning services.

Chequers’ financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by clients. For example, Chequers may recommend that clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that Chequers may refer clients to accountants, attorneys, or other specialists as necessary for non-advisory related services. Implementation of the recommendations will be at the discretion of each client.

In performing these services, Chequers is not required to verify any information received from clients or from clients’ other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Chequers may recommend clients engage the Firm for additional related services, and/or other professionals to implement the Firm’s recommendations. Clients are advised that a conflict of interest exists if clients engage Chequers or its affiliates to provide additional services for compensation. Clients

retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Chequers under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Chequers' recommendations and/or services.

### **Investment and Wealth Management Services**

---

Chequers manages client investment portfolios on a discretionary basis. In addition, Chequers may provide clients with wealth management services which may include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in his/her portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

As part of the Firm's asset management service, Chequers generally creates a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds, and other public and private securities or investments. Each client's individual investment strategy is tailored to his/her specific needs and may include some or all of the previously mentioned securities. Each client's portfolio will be initially designed to meet a particular investment goal, which Chequers determines to be suitable to each client's circumstances. Chequers generally will allocate each client's assets among various investments taking into consideration the overall management style selected by each client. If suitable for clients, Chequers will recommend portfolios consisting of passively-managed asset class and index mutual funds. Chequers recommends mutual funds offered by Dimensional Fund Advisors ("DFA"). DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Consequently, the DFA fund fees are generally lower than fees and expenses charged by other types of funds. Once a portfolio has been created, Chequers reviews the portfolio at least quarterly and, if necessary, rebalances the portfolio based upon, among other things, each client's individual needs, stated goals, and objectives.

### **Family Office Services**

---

Chequers also offers multi-family office services such as wealth planning, administration, asset management, asset aggregation, performance monitoring, charitable and philanthropic services, tax services, bill pay and risk management. These services are either offered in-house or our family office practice collaborates with dedicated external partners.

---

**Use of Independent Managers**

---

Chequers may select certain independent investment managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager.

Chequers provides initial due diligence on Independent Managers and ongoing reviews of the Firm's management of clients' accounts. In selecting Independent Managers, Chequers typically gathers information from clients about their financial situations, investment objectives, and reasonable restrictions to be imposed on the management of the account, which are often very limited. It is important to note that Chequers does not offer advice on any specific securities or other investments in connection with this independent manager service. Investment advice and trading of securities is only offered by or through Independent Managers to clients through this service.

Chequers periodically reviews Independent Managers' reports provided to clients, but no less often than on an annual basis. Chequers' personnel contact clients from time to time, as agreed to with each client, in order to review clients' financial situations and objectives; to communicate information to Independent Managers as warranted; and to assist clients in understanding and evaluating the services provided by Independent Managers. Clients will be expected to notify Chequers of any changes in their financial situations, investment objectives, or account restrictions that could affect their accounts.

**Item 5. Fees and Compensation**

Chequers offers its services on a fee basis, which may include fixed and/or hourly fees, as well as fees based upon assets under management or advisement.

---

**Financial Planning and Consulting Fees**

---

Chequers charges clients fees on a flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that Chequers charges each client, is based on the scope and complexity of its engagement with each client. The fee to be charged and each client's billing cycle will be outlined in a separate agreement. Chequers will not charge a fee exceeding \$500 when services cannot be rendered within 6 (six) months.

---

**Investment Management Fees**

---

Chequers offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies but will not exceed 150 basis points (1.50%) per year. The management fee is billed quarterly in arrears based on the time weighted daily average of a client's account on the last day of the quarter. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is

prorated through the effective date of the termination and the outstanding portion of the fee is charged to the client, as appropriate. Chequers may, in its sole discretion, negotiate to charge a lesser fee based upon, among other things, certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationships, account retention, and pro bono activities.

Fees are negotiable and generally will be deducted directly from clients' accounts. As part of this process, each client is made aware of the following:

- a) Clients must provide Chequers with written authorization permitting direct payment of advisory fees from their account(s) maintained by a custodian who is independent of the Firm;
- b) Chequers sends quarterly statements to the client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated as well as disclosing that it is the client's responsibility to verify the accuracy of fee calculation, and that the custodian does not determine its accuracy; and
- c) The account custodian sends a statement to the client, at least quarterly, showing all account disbursements, including advisory fees.

### **Fees from Independent Managers**

---

Chequers is paid by Independent Managers when Chequers refers clients to them and clients decide to retain them. Independent Managers pay Chequers a portion of the investment advisory fee that they charge clients for managing the clients' account. Fees paid to Chequers by Independent Managers are generally ongoing fees. Clients will generally receive the following documents in connection with such referral arrangements: a copy of the Independent Manager's Form ADV brochure and any applicable brochure supplements, a written Solicitation Disclosure document detailing the exact fees Chequers will be paid, and a copy of the Independent Manager's privacy policy. Independent Managers that Chequers recommends will not directly charge clients a higher fee than they would have charged without Chequers introducing the clients to them. Independent Managers establish and maintain their own separate billing processes over which Chequers has no control. In general, they will directly bill clients and describe how their billing works in their separate written disclosure documents.

### **Additional Fees and Expenses**

---

In addition to the advisory fees paid to Chequers, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, reporting charges, fees charged by Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in clients' accounts, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), 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. The Firm's brokerage practices are described at length in Item 12, below.

### **Account Additions and Withdrawals**

---

Clients may make additions to and withdrawals from their accounts at any time, subject to Chequers' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into clients' accounts. Clients may withdraw account assets on notice to Chequers, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of clients' investment objectives. Chequers may consult with clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges), and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Chequers does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of client assets).

## **Item 7. Types of Clients**

Chequers offers services to individuals, families, trusts, estates, charitable organizations, corporations, and other business entities.

### **Minimum Account Requirements**

---

Chequers does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Chequers may alter its corresponding account requirements and/or billing practices to accommodate those of Independent Managers.

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

### **Methods of Analysis**

---

Chequers utilizes a combination of charting, fundamental, technical, and cyclical methods of analysis.



*Charting:* In this type of technical analysis, Chequers reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

*Fundamental Analysis:* Chequers attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

*Technical Analysis:* Chequers analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movements.

*Cyclical Analysis:* In this type of technical analysis, Chequers measures the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

### **Investment Strategies**

---

Chequers uses the following strategies in managing clients' accounts, provided that such strategies are appropriate to meet the needs of each client and consistent with each client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Long-Term Purchases:* When utilizing this strategy, Chequers may purchase securities with the intention of holding them for a relatively long time (often held for at least a year). By holding the security for a lengthy period of time, there is a risk that the account may not capture potentially profitable short-term gains. Moreover, if the Firm's predictions are incorrect, a security may decline sharply in value before Chequers makes the decision to sell. Typically, Chequers employs this sub-strategy when Chequers believes the securities to be attractively valued and/or Chequers wants exposure to a particular asset class over time, regardless of the current projection for this class.

*Short-Term Purchases:* When utilizing this strategy, Chequers may also purchase securities with the idea of selling them within a relatively short time (often less than a year or less). Chequers does this in an attempt to take advantage of conditions that the Firm believes will soon result in a price swing in the securities to be purchased.

*Trading:* When utilizing this strategy, Chequers purchases securities with the idea of selling them very quickly (typically within thirty (30) days or less). Chequers does this in an attempt to take advantage of the Firm's predictions of brief price swings.

*Short Sales:* When utilizing this strategy, Chequers borrows shares of a stock for the client's portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, Chequers buys the same stock and returns the shares to the original owner. Chequers engages in short selling based on the Firm's determination that the stock will go down in price after Chequers has borrowed the shares. If Chequers is correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

*Margin Transactions:* When utilizing this strategy, Chequers purchases stocks for a client's portfolio utilizing borrowed funds. This allows a client to purchase more stock than the client would be able to with his/her available cash, and allows Chequers to purchase stock without selling other holdings.

*Option Writing:* Chequers uses options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. Two important types of options are calls and puts. A call gives Chequers the right to buy an asset at a certain price within a specific period of time. Chequers will buy a call if Chequers has determined that the stock will increase substantially before the option expires. A put gives Chequers the holder the right to sell an asset at a certain price within a specific period of time. Chequers will buy a put if Chequers has determined that the price of the stock will fall before the option expires.

Chequers will use options to "hedge" a purchase of the underlying security. In other words, Chequers will use an option purchase to limit the potential upside and downside of a security Chequers has purchased for a client's portfolio. Chequers uses "covered calls," where Chequers will sell a call option on a security that the client owns. In this strategy, a client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price. Chequers also uses a "spreading strategy," in which Chequers purchases two or more option contracts (for example, a call option that a client buys and a call option that the client sells) for the same underlying security. This effectively puts a client on both sides of the market, but with the ability to vary price, time, and other factors.

## **Risk of Loss**

---

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Chequers' recommendations and/or investment

decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds, and other asset classes. There can be no assurance that Chequers will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, or redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Independent Managers*

As stated above, Chequers may select certain Independent Managers to manage a portion of clients' assets. In these situations, Chequers continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on Independent Managers' ability to successfully implement their investment strategies. In addition, Chequers generally may not have the ability to supervise Independent Managers on a day-to-day basis.

## Item 9. Disciplinary Information

Chequers has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### Licensed or Non-Practicing Attorneys

---

Representatives of Chequers may be licensed or non-practicing attorneys in the States of New York, and/or New Jersey. Should clients of the Firm require legal services, they will be referred to a separate attorney. Chequers will not receive any additional compensation for these referrals.

### Fees from Independent Managers

---

As discussed above, Chequers recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers. In certain circumstances the Firm's compensation is included in the advisory fee charged by such Independent Managers. There may be a conflict of interest to choose such Independent Managers; however, Chequers evaluates Independent Managers objectively and not based on the amount of compensation it may receive from a particular Independent Manager.

## Item 11. Code of Ethics

Chequers has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Chequers' Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Chequers' personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings and limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact

on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for his/her immediate family (i.e., spouse, minor children, and adults living in the same household) a transaction in that security unless:

- The transaction has been completed;
- The transaction for the Supervised Person is completed as part of a batch trade with clients; or
- A decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements, and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Chequers to request a copy of the firm's Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

---

Chequers generally recommends that clients utilize the custody, brokerage, and clearing services of Schwab & Co., Inc. ("Schwab") for investment management accounts. Schwab will hold clients' assets in a brokerage account and buy and sell securities upon Chequers' instructions. While Chequers recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and will open an account with Schwab by entering into an account agreement directly with Schwab. Chequers does not open the account for clients although Chequers may assist the client in doing so. If clients do not wish to custody their assets with Schwab, Chequers will not be able to manage the clients' accounts. Not all advisors require their clients to use a particular broker-dealer or other custodian. Even though a client's account is maintained at Schwab, Chequers can still use other brokers to execute trades for that account as described below. Factors which Chequers considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. Schwab may enable the Firm to purchase many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Chequers' clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Chequers determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Chequers seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Chequers in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Chequers does not have to produce or pay for the products or services.

Chequers periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

---

Chequers may receive without cost from Schwab computer software and related systems support, which allow Chequers to better monitor client accounts maintained at Schwab. Chequers may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Chequers, but not its clients directly. In fulfilling its duties to its clients, Chequers endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Chequers' receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Chequers may receive the following benefits from Schwab:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and

- Access to an electronic communication network for client order entry and account information.

Schwab may also offer other services intended to help Chequers manage and further develop the firm's business enterprise. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third party vendors to provide the services to the firm. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Chequers with other benefits, such as occasional business entertainment of the firm's personnel. Other than using custodial services and trade execution from Schwab, Chequers uses its own proprietary analytics and third party research in making investment decisions for clients.

#### *Our Interest in Schwab's Services*

The availability of these services from Schwab benefits Chequers because Chequers does not have to produce or purchase them. Chequers does not have to pay a quarterly service fee for Schwab's services so long as the firm's clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon Chequers committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give Chequers an incentive to require that clients maintain their account with Schwab, based on the firm's interest in receiving Schwab's services that benefit the firm's business, rather than based on the clients' interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest.

Chequers believes, however, that the firm's selection of Schwab as custodian and broker is in the best interests of the Firm's clients. Chequers' recommendation is primarily supported by the scope, quality, and price of Schwab's services, and not on the benefits received by the firm. Chequers does not believe that requiring the firm's clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab's quarterly service fee presents a material conflict of interest.

#### **Brokerage for Client Referrals**

---

Chequers does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### Trade Aggregation

---

Transactions for each client generally will be effected independently, unless Chequers decides to purchase or sell the same securities for several clients at approximately the same time. Chequers may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Chequers’ clients *pro rata* to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate clients’ orders for the purchase or sale of securities, including securities in which Chequers’ Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Chequers does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a *pro rata* allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a *pro rata* basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

---

Portfolio Management and Third Party Money Management clients’ accounts are reviewed on at least an annual basis. The nature of these reviews is to learn whether clients’ accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if



applicable. Performance reports will be provided to clients annually. Financial Planning and Consulting clients will be contacted at least annually to discuss their consultations.

Our Financial Advisors or Portfolio Managers will conduct reviews. Client accounts reviews may be conducted more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, clients' life events, requests by clients, etc. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Chequers and to keep the Firm informed of any changes thereto. The Firm contacts on-going investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

---

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Chequers and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. The Firm also sends certain clients duplicate fee statements, as discussed in Item 5. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Chequers or an outside service provider.

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

### **Other Compensation**

---

Chequers receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit Chequers, and the related conflicts of interest are described above in Item 12.

### **Client Referrals**

---

The Firm does not currently provide compensation to any third party solicitors for client referrals.

## **Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Chequers and/or Independent Managers to debit client accounts for payment of the Firm's fees and to

directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Chequers.

In addition, as discussed in Item 13, Chequers may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Chequers.

## **Item 16. Investment Discretion**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Chequers and/or Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Chequers.

In addition, as discussed in Item 13, Chequers may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Chequers.

## **Item 17. Voting Client Securities**

Chequers does not accept the authority to vote clients' securities (i.e., proxies) on their behalf. However, Independent Managers selected or recommended by Chequers may vote proxies for clients. Therefore, other than in situations where Independent Managers accept authority to vote client proxies, clients will generally receive proxies directly from the Financial Institutions that custody their assets and retain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client will be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other types of events pertaining to the clients' securities.

## **Item 18. Financial Information**

Chequers is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six (6) months or more in advance of services rendered;

- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten (10) years.