

# **Courier Capital, LLC**

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**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Courier Capital, LLC. If you have any questions about the contents of this brochure, contact us at 716-883-9595. 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 Courier Capital, LLC (CRD No. 282485) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Courier Capital, LLC is a registered investment adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their firm brochure when information becomes materially inaccurate. If there are any material changes to an adviser's firm brochure, the adviser is required to notify you and provide you with a description of the material changes.

Although Courier Capital, LLC is a newly registered investment adviser, we are the successor to Courier Capital Corporation, an investment management firm originally founded in 1967. In 2015 Courier Capital Corporation was acquired, and is now wholly owned, by Financial Institutions, Inc. In all other respects, our business has remained the same and we have no other material changes to report.

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## Item 4 Advisory Business

### Description of Firm

Courier Capital, LLC, a New York limited liability company, is an SEC registered investment adviser with its principal office located in Buffalo, New York. Our firm is the successor to Courier Capital Corporation, an investment management firm originally founded in 1967. We have been providing investment advisory services as Courier Capital, LLC since 2016. We are wholly owned by Financial Institutions, Inc.

We typically offer our customized investment management services to individuals (including high net worth individuals and other clients), banking institutions, charitable endowments, and pension plans. As discussed more fully below, the services we offer include investment management and consultation, financial planning, portfolio management, pension consultation, and selection of other advisers. Some of the securities instruments we advise on include, among other things, mutual funds, exchange traded funds ("ETFs"), equities, bonds, commodities, and real estate.

Our fees, services and investment strategies are described in the paragraphs that follow. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to the individual needs of our clients. As used in this brochure, the words "we," "our," "firm," and "us" refer to Courier Capital, LLC, and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Our senior management team, Bruce Kaz, William Gurney, Randy Ordines, and Tom Hanlon serve as the firm's portfolio managers, along with Steve Gattuso and Jason Stronz. These individuals also sit on our "Investment Committee," which meets at least quarterly to discuss the firm's ongoing investment management processes and operations.

### Types of Advisory Services Offered

We offer four types of advisory services: (1) Investment Management Services, (2) Retirement Planning Services, (3) Individual Financial Planning Services, and (4) Investment Consulting Services, each of which is more fully described below. Dependent on which financial adviser is appointed to separately manage a client's account, the management of a particular strategy selected for the account may vary for similarly situated clients who have similar goals, yet varied prior experiences.

### Investment Management Services

We offer a tailored investment management solution that encompasses not only the traditional asset classes of fixed income, domestic equities and foreign securities, but can also include alternative asset classes. Through use of an asset allocation approach, the firm provides investment management services based on a thorough understanding of each client's independent and unique investment objectives.

The first stage of our Investment Management Services process typically involves the gathering of relevant information from the client and the completion of a Client Profile, investment policy statement or other similar document ("Client Profile"). The Client Profile sets forth the client's investment objectives, risk tolerance, investment guidelines, time horizons and other important and necessary information relating to the client. Based upon this information, we will select an appropriate model (*i.e.*, either conservative, moderate conservative, moderate, moderately aggressive or aggressive) for on-going management. For some long-term and/or high net worth clients, we perform a traditional style of separately managed account ("SMA") portfolio management. Depending upon the strategy selected by the adviser, the firm invests client assets in various allocations and types of securities, including but not limited to: mutual funds, ETFs, stocks, bonds, commodities and/or real estate investment trusts ("REITs"). Please refer to *Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss* of this

firm brochure for more information regarding our investment strategies and their associated risks. In addition, where appropriate, we may use certain third-party managers ("TPMs") to effect various strategies on behalf of a client's account.

We typically manage all client assets on a fully discretionary basis, but for some clients, may provide non-discretionary management upon request and at our sole discretion. In exercising full discretionary authority, we select, without first obtaining client's permission, (1) the securities to be bought and sold; (2) the amounts of securities to be transacted and whether it will be individually or block traded; (3) the broker-dealer through which transactions will be executed; and where applicable, (4) the TPM to be used to manage a portion of the client's portfolio. Our discretionary authority may be subject to conditions imposed by a client. This may occur when a client restricts or prohibits transactions in a security for a specific company or for an industry sector, or requests that the firm place trades with a specific broker-dealer (i.e., "directed brokerage"). If one or more restricted categories are designated by a client, the firm is authorized to determine in its discretion the specific securities that will be treated as falling within any such categories.

Clients may also elect for the firm to utilize an InvestView investment approach. For our InvestView services, we will employ a defined process for each step in the investment management cycle including goal setting and risk/return profiling, asset allocation modeling, investment selection (utilizing TPMs, funds and securities) and implementation, and ongoing monitoring and reporting. This approach helps to provide a robust engineered process to provide long-term investment solutions. Clients electing to receive our InvestView services will also be issued an InvestView Report that will assist the client in tracking the achievement of their financial goals and objectives.

For those portfolios utilizing TPMs, we have instituted a disciplined process for selecting what we believe to be are best-in-class asset managers. The universe of TPMs are screened and reviewed for style consistency, historical performance, down-side risk, and information ratio. Through fundamental analysis, we review the performance and risk attribution of each manager. Using qualitative analysis, we then conduct due diligence through meetings, discussions and Investment Committee vetting, which occurs no less than quarterly. At the conclusion of this process, the TPM is selected and considered as an option within our Investment Management Services.

Those TPMs selected by the firm typically are diversified among multiple strategies, asset classes, regions, industry sectors and securities. Once the TPM commences services, we continue to monitor the designated manager(s) to ensure that they adhere to the philosophy and investment style for which they were selected. Our ongoing review includes, but is not limited to, assessment of the TPM's disclosure brochure, performance information, on-site visits, materials (including questionnaire responses) supplied by the TPM, evaluation of the manager's investment strategies, personnel turnover, regulatory events, ownership changes and corporate earnings reports.

The mutual funds and ETFs utilized within our model portfolios go through a very similar selection, monitoring and evaluation process. Each mutual fund or ETF selected is based on an extensive analysis by our Investment Committee, and once implemented, is monitored to ensure it continues to meet its objective.

Notably, some of these mutual funds or ETFs may employ alternative or riskier strategies, such as the use of leverage or hedging. Leverage is the use of debt to finance an activity. For example, leverage is used when one uses margin to buy a security. Hedging on the other hand, occurs when an investment is made in order to reduce the risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return, it also increases the amount of risk

inherent in an investment. Other mutual funds may employ other alternative techniques which carry inherent higher degrees of risks. Please carefully review the models' underlying funds as well as other risk considerations as more fully described in Item 8.

For those clients who utilize SMA portfolio management services, we may provide individual stock and bond selections to meet the detailed investment objectives set forth by these clients. Throughout the process, we perform security selection based upon research of the underlying companies, communications with research analysts, real-time market data, ongoing analytics and earnings reviews, and in-depth analysis of company fundamentals. Once that evaluation is complete, the security may be added to the client's portfolio and is continuously monitored for imbalances or shifts.

As noted above, clients generally are allowed to impose reasonable restrictions on the types of securities and/or industries to be included in their portfolio. Once this information is gathered, each client is responsible for informing us in writing of any changes to these restrictions or to their overall investment objectives. We do not assume any responsibility for the accuracy of the information provided directly by the client.

### **Retirement Planning Services**

Through decades of experience, resources, and technology, our firm provides non-discretionary advisory services to companies who are starting-up and/or managing existing retirement plans ("Retirement Planning Services"). Such services are tailored to the client's specific needs and may include recommending investment options for plans to offer to participants, quarterly reviews of plan's investment options, assisting plan fiduciaries in creating and/or updating the plan's written investment policy statements, providing general investment educational seminars to plan participants and working with plan service providers.

Uniquely, our firm does not manage proprietary mutual funds nor receive compensation in connection with recommending certain fund companies. We strive to provide diversified investment selections strictly through our analysis of the marketplace and the objectives of the client relating to its retirement plan. Through the firm's use of preferred partners, we are able to deliver fully bundled retirement plan solutions, or alternatively, can work with a company's existing plan service provider to deliver customized solutions.

### **Financial Planning Services**

In certain limited circumstances, we provide financial planning to advisory clients who request such services. Generally, such services are provided for no additional fee and include, without limitation, providing advice regarding asset allocation; risk management; portfolio analysis; and evaluation and review of investment accounts. To begin the process, we generally collect, organize and assess various client data including information concerning the client's lifestyle, risk tolerance, and cash flow, as well as identification of the client's financial concerns, goals, and objectives. The primary objective of this process is to allow us to assist the client in developing a strategy for the successful management of income, assets, and liabilities in order to meet the client's individual financial goals and objectives. We reserve the right to charge a non-advisory client an hourly rate or flat fee depending on the scope of the engagement.

Clients receiving financial planning services will receive our recommendations about various alternatives and have the option of utilizing our firm to implement these recommendations. Clients are advised that a potential conflict of interest exists where we may recommend our own Investment Management Services for which we will receive an investment advisory fee; see Item 5 for additional information. There can be no assurance that any products or services recommended by our firm are at

the lowest available cost. Clients are free at all times to accept or reject any of our recommendations provided under a financial plan. Moreover, if a client decides to implement any recommendations, the client may, but is under no obligation to, utilize our firm to implement those recommendations.

### **Investment Consulting Services**

Many of our corporate and foundation clients desire that we monitor and analyze the quality of those multiple investment managers utilized within their portfolios. Our Investment Consulting Services are designed to provide clients with various asset allocations based on unique goals, risk tolerances and client objectives. The firm has invested in the technology necessary to deliver comprehensive consultation reports that examine the universe of mutual funds, as well as independent investment management firms that provide for ongoing analysis, reporting and monitoring as requested. When our corporate clients engage us for Investment Management Services, Investment Consulting Services may be provided as a complementary service dependent upon the type of account, client objectives and asset size. Please see a full description of our Investment Management Services above.

For those corporate clients who desire Investment Consulting Services exclusively, we offer customized services tailored to each client's needs. Our Investment Consulting Services may involve the collection, organization, and assessment of all relevant documents and information concerning the corporate client's long-term goals and objectives, risk tolerance, cash needs and other factors, as determined by client needs. This allows us to develop a strategy for the successful management of income and assets in order to best meet the client's overall financial goals.

It is likely that through the Investment Consulting Services process, we will advise corporate clients to engage us for Investment Management Services. Clients are advised that a potential conflict of interest exists where we may recommend our own Investment Management Services for which we will receive an investment advisory fee; please see *Item 5 - Fees and Compensation* for additional information. There can be no assurance that any products or services recommended by our firm are at the lowest available cost. There can be no assurance that our Investment Consulting Services or any product recommendations are at the lowest available cost. Clients are free at all times to accept or reject any of our recommendations provided as part of our Investment Consulting Services. Moreover, if a client decides to implement any recommendations, the client may, but is under no obligation to, utilize our firm to implement those recommendations.

Those clients who wish to engage us for implementation of any recommendations made under this service may be required to execute an addendum to their existing written advisory agreement with our firm. Under these circumstances, the fees charged for Investment Consulting Services may, at our discretion, be applied towards our future fees for Investment Management Services or be otherwise offset.

### **Wrap-Fee Programs**

We do not provide portfolio management services to any wrap fee programs, as that term is defined in the instructions to Form ADV Part 2.

### **General Information About Our Advisory Services**

#### **Gathering Individual Client Information**

As explained above, Investment Management Services and InvestView Services provided by our firm are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, we typically will memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in the Client Profile. This information, together with any other information relating to the client's overall financial circumstances, will be used by the firm to determine the most appropriate asset allocation and investment strategy designed to best meet the client's financial goals. There may be

times when certain restrictions are placed by a client which prevent us from accepting or continuing to service the client's account. We reserve the right to not accept and/or terminate a client's account if we determine in good faith that the client imposed restrictions would limit or prevent it from meeting and/or maintaining its objectives.

We do not assume any responsibility for the accuracy of any information provided by the client. We are further not obligated to verify any information received from you or from your authorized professionals (e.g., attorneys, accountants, etc.) and we are expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying us in writing of any material changes to their financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies our firm of changes in the client's financial circumstances, we will review such changes promptly and may recommend revisions to the client's portfolio.

### **Advisory Agreements**

Prior to engaging us to provide any of the investment advisory services described in this firm brochure, you will be required to enter into one or more written agreements with us setting forth the fees to be charged and the terms and conditions under which we will render investment advisory services to you. Free of charge, we will provide you with a copy of our firm brochure and one or more brochure supplements prior to or contemporaneously with the execution of the foregoing written advisory agreement. The advisory relationship will continue until terminated by the client or our firm in accordance with the provisions stated within the written agreement.

### **Assets Under Management**

As of December 31, 2015, we provide continuous management services for \$970,632,722 in client assets on a discretionary basis, and \$216,118,523 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Advisory Fees**

As noted above, the client will be required to enter into a written agreement with our firm setting forth the terms and conditions of the engagement, including the fees to be paid to us, in exchange for which we shall render investment advisory services. Such fees are subject to negotiation under certain circumstances and at the sole discretion of our firm.

For Investment Management Services and InvestView Services, our fees are based upon a percentage of assets under management, which typically range from 0% - 1.25% annually. The actual amount of the fee is based upon, among other things, the amount and types of assets managed, the number of client accounts, the long-term relationship with the firm and the client's advisory service selected (i.e., model portfolio versus separately managed account management). The following standard Annual Fee Schedule may generally apply:



#### Annual Fee Schedule\*

Advisory Fee (%)	Assets Under Management
0.95	on the first \$500,000
0.85	on the next \$500,000
0.65	on the next \$1,000,000
0.45	on the remaining balance
*Based on various circumstances, the fees charged for certain clients may vary	

For Investment Management and InvestView Services provided by our firm, client fees are billed in arrears and paid quarterly at the rate of 25% of the annual fee based on the fair market value of the client's portfolio(s) as of the last day of the calendar quarter. At each quarter-end, the client's custodian will provide a quarterly custodial statement reflecting the portfolio's performance and our investment management fee, which will be automatically debited from the client's account by our firm, unless otherwise noted in the client's advisory agreement.

For the first billing cycle, our Investment Management and InvestView Services fees will be pro-rated based on the number of days that the client's account is open during the initial quarter of services. Likewise, in the event that our services are terminated mid-quarter, our Investment Management and InvestView Services shall be pro-rated through the date of termination and any earned, unpaid balance will be immediately due and payable by the client.

For clients that desire *only* Financial Consulting Services, we charge either hourly or fixed fees, which will vary based on the required services. For example, for Financial Consulting Services, our fees generally range from \$0 to \$350/hour. For these services, we will provide the client with an invoice reflecting the amount due and the payable date at the end of each calendar quarter.

For Retirement Planning Services, our fees are generally based on the following fee schedule:

#### Retirement Planning Fee Schedule\*

Advisory Fee (%)	Assets Under Management
0.50	on the first \$2,000,000
0.35	on the next \$3,000,000
0.15	on the remaining balance
*Based on various circumstances, the fees charged for certain clients may vary.	

It should be noted that our annual asset based advisory fees may be applied to your account on a "blended" or a "straight-line" basis. The particular manner in which our advisory fee schedules will be applied to your account(s) shall be set forth in our written agreement for services. The below is intended as an illustration of how our blended and straight-line billing procedures would apply to a hypothetical Investment Management Services account containing a balance of \$750,000:

- *Blended Fee Basis:* the client would pay annual advisory fees equal 0.95% on the first \$500,000 of the client's account balance and 0.85% on the remaining \$250,000 balance in the client's account.
- *Straight-line Fee Basis:* the client would pay annual advisory fees equal to 0.85% on the

entirety of the client's \$750,000 account balance annually.

Our advisory fees are negotiable and may be waived or varied for certain clients in our sole discretion. Lower fees for comparable services may be available from other sources.

### **Other Fees and Expenses**

Clients should understand that the fees described above are exclusive to our firm and do not include certain charges imposed by third parties such as custodial fees, execution costs, mutual fund/ETF fees and expenses, and management fees charged by TPMs. Client assets also may be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For mutual funds and ETFs, clients may be charged internal management fees, distribution fees and other expenses as may be set forth in the funds' prospectuses. We will not receive any portion of these other fees and expenses.

Clients should understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account are generally paid out of the assets in the account and are in addition to the advisory fees charged by our firm. Please refer to *Item 12 - Brokerage Practices* of this firm brochure for additional important information about our brokerage and transactional practices, including considerations for selecting broker-dealers for client transactions.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in *Item 5 - Fees and Compensation*, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

Our firm typically provides advisory services to individuals (including high net worth individuals and other clients), as well as to banking or thrift institutions, pension and profit sharing plans, charitable organizations, and corporations or other business entities. If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), we hereby acknowledge that we are a fiduciary to the plan under Section 3(38) of ERISA.

While we do not impose a minimum portfolio size or investment size to open an account, we reserve the right in our sole discretion to accept or decline a potential client for any reason.

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

### **Methods of Analysis and Investment Strategies**

As mentioned above in *Item 4 - Advisory Business*, we utilize various methods of analysis in formulating our investment advice to clients. Our firm employs a defined process for each step in the investment management cycle. This process includes ongoing selection, implementation, and monitoring.

We carefully select client investments by beginning with a performance evaluation and screen of the broadest possible universe of assets and fund managers (collectively, "Managers"). Managers that qualify from a performance standpoint are then examined to determine their process for security selection, portfolio construction and sell decisions. Once that evaluation is complete, a qualitative examination of the management firm is conducted. During this phase, we gain insight through reviewing reports from external industry data providers, including market news reports, financial publications, corporate rating services, outside research reports, annual reports, prospectuses, SEC filings and company press releases. Utilizing this broad information gathering process, our firm attempts to determine which Managers and investments appear to be suitable and in line with the investment objectives of each client, and typically selects Managers based on investment approaches that are diversified among multiple strategies, asset classes, regions, industry sectors and holdings. This same approach is also applied in our selection of individual securities for client accounts.

Investing in securities involves risk of loss that clients should be prepared to bear. The investment strategies we may pursue on behalf of our clients may include long- and short-term purchases, dependent upon the client's investment objectives and current needs. We may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. For example, we may recommend specific stocks, bonds or funds to increase sector weighting and/or dividend potential, or may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. Additionally, we may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

### **Material Risks**

Investing in securities involves a significant risk of loss. Our investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that the client's investment objectives will be met and no inference to the contrary should be made. Prior to entering into an agreement with us, you should carefully consider: (1) committing to management only those assets that you believe will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in the stock market can occur, and (3) that over time your assets may fluctuate in value and at any time may be worth more or less than the amount invested.

In addition to those risks outlined in Item 4 of this firm brochure, some of the risks associated with investing in securities and funds recommended by us of which you should be aware include, but are not limited, to the following:

- **Allocation Risk:** the risk that a portfolio could lose money as a result of less than optimal or poor asset allocation decisions as to how its assets are allocated or reallocated.
- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Credit Risk:** The risk that a portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

- **High Yield Risk:** High yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit and liquidity risks.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Political and Legislative Risk:** Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the U.S. or those companies who conduct a substantial amount of their business outside of the U.S.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others unsystemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Derivatives Risk:** This is the risk of investing in derivative instruments, including liquidity, interest rates, market, credit and management risks, mispricing or improper valuations. Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index and the investment could lose more than the principal amount invested.
- **Foreign Investment Risk:** Investments in foreign securities may be riskier than U.S. investments because of factors such as, unstable international, political and economic conditions, currency fluctuations, foreign controls on investment and currency exchange, foreign governmental control of some issuers, potential confiscatory taxation or nationalization of companies by foreign governments, withholding taxes, a lack of adequate company information, less liquid and more volatile exchanges and/or markets, ineffective or detrimental government regulation, varying accounting standards, political or economic factors that may severely limit business activities, and legal systems or market practices that may permit inequitable treatment of minority and/or non-domestic investors.

It is important to note that while we typically invest for the long-term and do not engage in high frequency trading, certain TPMs we select may employ such strategies. As a result, such frequent trading may result in increased brokerage and other transaction costs, which generally could reduce investment returns over time.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Other Financial Industry Activities

Neither our firm nor any persons associated with our firm are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither our firm nor any persons associated with our firm are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Two members of our senior management team have outside financial industry activities which we believe may be material to our clients. These outside financial industry activities are described below.

First, in addition to his activities at Courier, Mr. Ordines has limited involvement in two outside business activities, both of which are nonprofit organizations. The first nonprofit Mr. Ordines is affiliated with is the Lenna Foundation, located in Jamestown, New York. Mr. Ordines serves as the treasurer and a director of this foundation, which makes interest free grants, gifts, and loans to charitable organizations, institutions, and foundations in the United States. Second, Mr. Ordines serves as an unpaid director and President of the TRC Foundation, a nonprofit organization dedicated to supporting individuals with developmental disabilities. On a pro bono basis, Courier Capital manages one or more accounts for the two nonprofit organizations listed above. Moreover, Mr. Ordines does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products. None of these positions represent a substantial source (*i.e.*, more than 10%) of Mr. Ordines' time or income.

Secondly, in addition to his activities with our firm, William Gurney has limited involvement in various outside business activities. First, Mr. Gurney is a passive owner of Regional Waste and is not involved in the day-to-day management of the company. Mr. Gurney also has partial ownership interests in three real estate partnerships, one of which he serves as the managing member. For each of these partnerships, Mr. Gurney does not devote a substantial amount (*i.e.*, more than 10%) of his time in any of the day-to-day operations. Finally, Mr. Gurney's spouse is a passive, minority owner of approximately two dozen businesses in the healthcare and real estate industries. This could represent a potential conflict of interest insofar as our clientele may from time-to-time invest in one of these companies, which would mean that Mr. Gurney is receiving an indirect benefit from such investment.

### **Relationship with TD Ameritrade**

Courier participates in the TD Ameritrade Institutional Program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we provide to clients, although we do receive economic benefits through our participation in the program. These benefits include, among other things, the following products and services which we receive without cost or at a discount: receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk service adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transactions fees and to certain institutional money managers; and discounts on marketing, technology and practice management products or services provided to us by third-party vendors. TD Ameritrade also may pay for business consulting and professional services received by our firm or its employees. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit its client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm and/or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of clients first. Clients should be aware, however, that the receipt of economic benefits by our firm in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services. Please refer to *Item 12 - Brokerage Practices* for additional information.

### **Relationship with Five Star Bank and its Affiliates**

We are affiliated with Five Star Bank ("FSB") and its Five Star Investment Services ("FSIS") investment management division through common control and ownership exercised by Financial Institutions, Inc. FSB offers traditional retail and business banking services including checking and savings accounts, lines of credit, home mortgages, personal loans, vehicle loans, business loans, credit and debit cards, certificates of deposit, individual retirement accounts and other personal and business banking services. FSIS offers financial planning, retirement planning, college savings planning, and money management services to individuals and businesses in the State of New York. FSIS's investment and securities advisory services are offered through LPL Financial, member FINRA/SIPC. We may recommend that you use the personal and business banking services or products offered by FSB, and/or advisory services offered via FSIS, if appropriate and suitable for your needs. Alternatively, FSB and FSIS may recommend our advisory services to their banking and advisory services clients, as may be appropriate. Our advisory fees are separate and distinct from the compensation paid to FSB or FSIS for their banking and advisory services.

We are further affiliated with Scott Danahy Naylor, LLC ("SDN") through common control and ownership exercised by Financial Institutions, Inc. SDN is an insurance agency offering insurance services and policies for property and casualty insurance, life insurance, and health insurance on behalf of various insurance carriers. We may recommend that you use the insurance related services offered by SDN where the same may be appropriate and suitable for your needs. Alternatively, SDN may recommend our advisory services to their insurance services clients, as may be appropriate. Our advisory fees are separate and distinct from the compensation paid to SDN for their insurance related services.



Referral arrangements with any affiliated entities present a conflict of interest for us because we (or our affiliate(s)) may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation and fees charged by the above affiliates to be competitive, such compensation and fees may be higher than that charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms. Likewise, if you are referred to our firm by any of our affiliates, including, without limitation, FSB, FSIS, or SDN, you are under no obligation to engage us for services and may obtain comparable services and/or lower fees through other firms.

### **Recommendations of TPMs and Related Conflicts**

As described in more detail under *Item 4 - Advisory Business*, we may recommend the services of certain TPMs as part of our overall asset allocation for certain client accounts.

We may have arrangements with certain TPMs whereby our firm receives a percentage of the fees charged by such TPMs. If we refer a client to a TPM where one of our investment professionals receives compensation based on a percentage of the fees charged by such TPM, that investment professional may be compensated for its services by receipt of a referral fee paid directly by the TPM to our firm in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and any corresponding state securities laws, rules, regulations, or requirements. Any such fee will be paid solely from the TPM's investment management fees and will not result in any additional charge to the client.

A conflict in interest arises as the sharing of fees creates a financial incentive to recommend that clients invest with certain TPMs that customarily allow our investment professionals to share in their investment management fees or to invest with TPMs with higher percentage splits of fees to our investment professionals. This conflict is managed by the supervision of all TPM recommendations by the our Investment Committee to ensure that the recommendation to the TPM is within the parameters set forth by the Investment Committee, the firm's method of analysis, and by our Code of Ethics and fiduciary responsibility to each client.

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

### **Code of Ethics Summary**

The Investment Advisers Act of 1940 imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. Our clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all firm employees to act with integrity in all of our dealings.

Because our investment professionals and associated persons may transact in the same securities for their personal accounts as they may buy or sell for client accounts, it is important to mitigate this potential conflict of interest. To that end, we have adopted personal securities transaction policies in the form of a Code of Ethics ("Code"), which all of our associated persons must follow. This Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. We will provide a copy of the Code to any client upon written request.

We obtain information from a wide variety of publicly available resources. Our personnel do not have, nor claim to have, insider or private knowledge.

### **Participation or Interest in Client Transactions**

Because the Code would permit associated persons of our firm to invest in the same securities as clients, there is a remote possibility that an associated person could benefit from market activity by a client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between our firm, its personnel, and our clients.

We do not affect any principal or agency cross securities transactions for client accounts, nor do we affect cross-trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Should we ever decide to affect cross-trades between client accounts, any such transactions will comply with the provisions of Rule 206(3) of the Advisers Act.

## **Item 12 Brokerage Practices**

There are several factors we consider when selecting or recommending broker-dealers (including those broker-dealer custodians) for client transactions. Amongst these factors are their qualitative services and reasonableness of compensation as described below.

Except in limited situations as noted in the client's advisory agreement and determined at the commencement of a client relationship, our firm will have full discretion to determine which broker-dealer should be used to effect transactions for client accounts. When we place orders for execution in client accounts, transactions are allocated to broker-dealers for execution in various markets at prices and commission rates that, based upon our good faith judgment, we believe will be qualitatively in the best interest of the client. While our firm typically uses TD Ameritrade as its preferred broker-dealer custodian, other brokers-dealer custodians used by us for transactions in client accounts may include Fidelity, HSBC, Prudential, M&T Bank, and J.P. Morgan. The factors described below may contribute to our determination of which broker-custodian is actually selected for particular transactions.

### **Selection Criteria**

When performing Investment Management Services, we generally affect all transactions for client accounts through TD Ameritrade or another broker-dealer custodian. We typically do not allow client directed brokerage. We periodically evaluate the commissions charged and the service provided by the custodian and compare those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians. Other factors we may consider when evaluating the choice of custodian include:

- Ability to trade mutual funds and other investments that we determine to be suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Quality of customer service and interaction with our firm;
- Discount transaction rates; and
- Reliability and financial stability.



For those clients who are permitted to direct brokerage and select broker-dealers not recommended by us, these clients should be aware that we may not be able to negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and we will have limited ability to ensure that the broker-dealer selected by the client will provide best possible execution.

Please refer to *Item 10 - Other Financial Industry Activities and Affiliations* and the discussion below in this *Item 12* for more information on our relationship with and benefits received from TD Ameritrade.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products are in addition to any benefits or research we pay for with soft dollars, and may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **TD Ameritrade Institutional Program**

Courier participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Courier receives some benefits from TD Ameritrade through its participation in the program.

Courier receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program.

Specifically, the Additional Services include Orion Advisors, Telemet Orion, and Morningstar, Inc. TD Ameritrade provides the Additional Services to Courier in its sole discretion and at its own expense, and Courier does not pay any fees to TD Ameritrade for the Additional Services. Courier and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. Courier's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Courier, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Courier's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Courier, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Courier may have an incentive to recommend to its clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Courier's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

As stated above, Courier considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TD Ameritrade as the broker and custodian for certain of its current and future client accounts, Courier

takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal." The standard iRebal annual license fee applicable to Courier is \$80,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$80,000 per year for each of as many as five years or more. The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs). If Courier does not maintain the relevant level of taxable assets on the TD Ameritrade platform, the Firm may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although Courier believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Courier's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

### **Best Execution and Soft Dollar Benefits**

As stated above, our firm typically has full discretion to place buy and sell orders with or through such brokers or dealers as it may deem appropriate. It is the policy and practice of our firm to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In order to achieve best execution, we will use our best judgment to choose the broker-dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution.

When we believe that more than one broker can offer the brokerage and execution services needed to obtain the best available price and most favorable execution, consideration may be given to selecting those brokers which also supply research services of assistance to us in fulfilling our investment advisory responsibilities. Such services may include research reports, services and seminars, computer software and related hardware for services. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." Some of these services are provided to our firm as part of a "bundled package" from the broker-dealer. However, our clients may pay higher commission rates than those normally obtained from other brokers. Moreover, some of the services may benefit a specific segment of our clients to the exclusion of others. We do not attempt to match a particular client's trade executions with broker-dealers who have provided research services which have directly benefited that client's portfolio. Rather, research services received by our firm are used for the ultimate benefit of all clients. This also benefits our firm since we do not have to produce or pay for the research, products or services provided by the broker-dealer. Consequently, we may have an incentive to select or recommend a broker-dealer based on these benefits rather than in the clients' interest in receiving most favorable execution. While clients may in certain circumstances direct us to use a specific custodian, our selection of the custodian may keep costs down. Due to Courier's relationship with TD Ameritrade, TD Ameritrade has agreed to pay for certain expenses on behalf of Courier. Such benefits includes servicing fees, taxes and ancillary fees associated with these products, which may or may not benefit, directly or indirectly, any Courier client, and will not increase any costs to Courier's TD Ameritrade clients. For more information, contact TD Ameritrade at (800) 783-1086. Importantly, Courier's receipt of such benefits may or may not be offered to other independent advisers that participate in the program. Courier is still obligated to review best execution and act in the best interest of its clients regardless of this relationship.

TD Ameritrade may provide support to Courier for the following research and client services:

- iRebal
- Morningstar
- Orion Advisors
- Telemet Orion

Other broker-custodians, such as HSBC, Morgan Stanley, Prudential, M&T Bank and Fidelity may offer similar benefits to Courier. Additionally, SunGard provides Courier with the soft dollar benefit of access to ByAllAccounts and our Telemet exchange fee.

We have a potential conflict of interest in recommending that our clients have their assets held in custody with these custodians due to the incentive and receipt of the foregoing soft dollar benefits. The broker-dealers we recommend may consider the amount and profitability to the custodian of the assets in, and trades placed for, our client accounts when determining whether to continue providing these soft dollar benefits to our firm. In furtherance of the best of interest of clients, we will periodically review the broker-dealer firms used to execute client transactions, taking into account the above qualitative considerations, among others, such as reliability, accuracy, competency of bundling trades, timing of execution, and other factors.

### **Trade Aggregation and Allocation**

Generally, our firm effects transactions for each client account independently. However, when able to, we (and/or the selected TPMs) may aggregate trades of accounts. Trade aggregation, so-called "bunching of orders" or "block trading" may or may not result in better realized prices. Because of our style of model portfolio management utilizing mutual funds and ETFs, or alternatively, separately managed account management, which consists of individual, customized portfolio management, it may not be possible to bunch orders. Alternatively, even when possible, we may not be able to execute all shares of an aggregated trade because of prevailing market conditions, in which case we will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. Ordinarily, the executing broker-dealer will provide an average price, and where possible, average transaction costs that will be allocated to all accounts participating in the aggregated trade. In certain cases, we (and/or the TPMs) may not be able to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions. Typically, we may not be able to effectively "bunch" orders for clients requesting directed brokerage, which could impact the possible advantage clients derive from the aggregation of orders.

### **Brokerage for Client Referrals**

In selecting or recommending broker-dealers, we may receive client referrals from a broker-dealer, TPM or other third-party solicitor, which creates a potential conflict of interest. This is because we may have an incentive to select or recommend a broker-dealer based on our continued interest in receiving client referrals rather than the client's interest in receiving most favorable execution. When referring broker-dealers refer a client to our firm, no attempt will generally be made to negotiate commissions on the client's behalf and that, as a result, in some transactions these clients will pay materially disparate commissions depending on their commission arrangement with the referring registered representative established prior to the referral to our firm. To mitigate this potential conflict of interest, we strive at all times to put the interests of our clients ahead of the firm's. The firm also reviews its brokerage arrangements and practices periodically to help ensure that its clients have the opportunity to receive best execution for their transactions.

## Item 13 Review of Accounts

Our investment professionals periodically review their designated client accounts on a regular basis and no less than quarterly. Each investment professional averages less than 100 relationships under management. Client accounts are reviewed for suitability in light of each client's investment objectives, risk tolerance and financial goals, in conjunction with the framework of the portfolio models established by the Investment Committee and in accordance with separately managed account protocols as further described in *Item 4 - Advisory Business*.

Our Investment Committee is responsible for the general oversight of all supervised persons. The Investment Committee meets no less than quarterly and is comprised of Bruce Kaz, Randy Ordines, William Gurney and Thomas Hanlon. At each of these meetings, the Investment Committee discusses portfolio management, fundamentals, model portfolio constituents, asset allocation, and areas of potential concern. The Investment Committee is divided into three primary areas: equities, bonds, and public funds. Mr. Kaz is responsible for overseeing equities. Mr. Ordines supervises all fund activities. Mr. Gurney oversees bonds and other fixed-income products. Mr. Hanlon manages our retirement services.

On a periodic basis, we may provide our high net worth clients with reports detailing performance, portfolio characteristics, transaction history and attributes regarding their accounts. These reports are generally issued on a quarterly basis and may be provided in writing or telephonically.

We may review client accounts more frequently in light of changes to the tactical allocation targets and specific investments approved by the Investment Committee. In addition, possible changes in clients' goals and objectives, risk aversion, time horizon, or changes in the investment environment or tax laws, that may warrant portfolio reviews and adjustments are discussed with clients as needed. Furthermore, clients are urged to contact us soon after any change in circumstances that impacts their risk tolerance, time horizon, investment objectives, tax status or other information that the firm may have relied upon when rendering its investment advisory services.

## Item 14 Client Referrals and Other Compensation

Our firm is provided with an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. We may enter into these "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist us in our investment decision-making processes. The receipt of such services may be perceived to serve as an economic benefit to our firm, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution. Please refer to *Item 10 - Other Financial Industry Activities and Affiliations* and *Item 12 - Brokerage Practices* of this firm brochure which more fully describe these benefits and how we address the resulting conflicts of interest.

If a client is introduced to us by either an unaffiliated or an affiliated solicitor, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Specifically, in addition to its referral arrangement with TD Ameritrade as further described below, we maintain referral agreements with unaffiliated accounting firms and/or accountants, whereby they refer prospective clients to us for investment services in exchange for a referral fee. Any such referral fee shall be paid solely from our investment management fee, and shall not result in any additional charge to the client. If the client is introduced to us by an unaffiliated solicitor, the solicitor shall provide the client with a copy of our Form ADV Part 2

(i.e., this firm brochure) or other written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. The solicitor is required to obtain the client's signature acknowledging receipt of our firm's disclosure brochure and the solicitor's written disclosure statement. Any affiliated solicitor of our firm shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of our Form ADV Part 2 or other written disclosure brochure at the time of the solicitation. Since in some states, a solicitor is also required to be qualified and registered as an investment adviser representative, we have developed internal controls for ensuring our solicitors are registered as required.

#### **Client Referrals Received from Five Star Bank and its Affiliates, FSIS and SDN**

Please refer to *Item 10 - Other Financial Industry Activities and Affiliations* of this firm brochure for important disclosures with respect to client referrals between and amongst our firm and our affiliates, FSB, FSIS, and SDN. We do not pay or receive any compensation of any kind with respect to these arrangements.

#### **Prior Referral Arrangements**

As initially described in *Item 4 - Advisory Services*, our firm succeeded to the business of Courier Capital Corporation ("Courier") in the first quarter of 2016. Prior to this succession, Courier had in place certain referral arrangements with its then advisory affiliate, Lawley-Courier Advisors, LLC ("LCA"). While these referral arrangements were terminated at the time of our succession to Courier's business and no longer exist, our firm may still pay referral fees owed in connection with past client referrals by LCA and/or its personnel to our advisory services.

### **Item 15 Custody**

Pursuant to Rule 206(4)-2 of the Advisers Act, our firm is deemed to have custody of client funds because our related person, Five Star Bank (i.e., "FSB"), maintains custody of certain clients' funds and acts as a qualified custodian in such capacity.

As an additional matter, our firm is deemed to exercise custody by virtue of our authority and ability to directly debit our advisory fees from clients' accounts. To mitigate any potential conflicts of interests presented by this arrangement, all client securities holdings will be maintained with an independent qualified custodian (typically, TD Ameritrade). In the case of Investment Management Services utilizing a TPM, the TPM may select the custodian. Notably, in most cases a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

We may only implement our investment management recommendations after the client has arranged for and furnished us with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. You are urged to carefully and promptly review all custodial statements and compare them to the statements provided by our firm. Our statements may vary from the custodial statements you receive based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to *Item 10 - Other Financial Industry Activities and Affiliations* and *Item 12 - Brokerage Practices* for additional important disclosure information relating to our practices and relationships with custodians.



## Item 16 Investment Discretion

### **Discretionary Authority; Limitations**

All Investment Management Services are performed on a discretionary basis, unless otherwise specifically agreed upon at the inception of the client relationship and memorialized in the client's advisory agreement. In exercising our discretionary authority, we will have the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, our authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on this discretionary authority, including restrictions on our ability to invest the client's assets in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to our firm in writing.

### **Limited Power of Attorney**

Unless clients specifically request in writing that we manage all or part of their account on a non-discretionary basis, by signing our advisory agreement, clients authorize us to exercise full discretionary authority with respect to all Investment Management Services transactions involving the client's account. Pursuant to such agreement, we are designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes us to give instructions to third parties in furtherance of such authority.

## Item 17 Voting Client Securities

Our firm has established a Proxy Voting Policy. When we are responsible to vote proxies on securities held in a client's account, we have adopted policies and procedures in an effort to ensure that all votes are cast in the best interests of our clients and that the proper documentation is maintained relating to how the proxies were voted. These policies and procedures are summarized below.

We have adopted proxy voting guidelines to make every effort to ensure the manner in which shares are voted is in the best interest of clients and the value of the underlying investment. However, we reserve the right to delegate to a non-affiliated third party vendor, the responsibility to review proxy proposals and make voting recommendations to us. In addition, we may, in some cases, vote a proxy contrary to our guidelines if we determine that such action is in the best interest of our clients.

In cases where sole proxy voting authority rests with our firm for plans governed by ERISA, we will vote proxies in accordance with our proxy voting guidelines unless otherwise outlined in the plan's governing documents and subject to the fiduciary responsibility standards of ERISA.

We vote proxies as they are received. If at any time, we become aware of any type of potential or actual conflict of interest relating to a proxy proposal, such conflict is promptly reported to our firm's Chief Compliance Officer, Bruce Kaz. Conflicts will be handled in a number of ways depending on the type, materiality, and requirements of applicable laws, and will always be handled in the client(s) best interest.

There are certain situations or for certain accounts in which we will not vote proxies. For example, where a client has retained the right to vote the proxies or where a proxy is received for a client account that has been terminated.

A complete copy of our Proxy Voting Policies and Procedures is available upon request. Clients may obtain information on how their proxies were voted by contacting us at the telephone number disclosed on the cover page of this firm brochure.

## **Item 18 Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and we are therefore not required to provide, and have not provided a balance sheet. We do not have any financial commitments that impair our ability to meet contractual and fiduciary obligations to clients. We have not been the subject of a bankruptcy proceeding.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We may share your information with our other Financial Institutions, Inc. affiliates, unless you specifically opt-out of this sharing. Our affiliates include companies with a Five Star or SDN or Courier name; financial companies such as Five Star Bank, Five Star Investment Services, and Scott Danahy Naylor, LLC.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy or if you wish to opt-out of information sharing with our affiliates, as listed in the preceding paragraph.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.