

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure  
October 2017**

**RATHBONE WARWICK**  
**INVESTMENT MANAGEMENT**

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This brochure provides information about the qualifications and business practices of Rathbone Warwick Investment Management LLC dba Rathbone Warwick Investment Management. If you have any questions about the contents of this brochure, please contact us by telephone at 208-297-5445. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about Rathbone Warwick Investment Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Rathbone Warwick Investment Management and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure

Rathbone Warwick Investment Management is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update.

Since our last annual amendment filing, the following changes have been made:

- New service offerings are being presented by our firm. We now offer standalone asset management and standalone financial planning services. Please see Items 4 and 5 of this Brochure for more information.
- New comprehensive portfolio management services and standalone asset management services as of March 2017 are subject to a minimum account fee of \$100 annually to cover the minimum costs of servicing an account. These minimum requirements will not apply to legacy clients of our firm, and are subject to be waived by our firm on a client-by-client basis. They will also be subject to a revised refund policy. Refunds will only be given if the pro-rata calculation is in excess of \$100. Exceptions may be made on a client-by-client basis.
- Standalone Financial Planning services will be billed on a flat fee basis, not to exceed \$10,000 annually.
- Upon the expected implementation of the Department of Labor's Fiduciary Rule, the "Compliance with the DOL Fiduciary Rule" section of our Code of Ethics disclosed herein will be effective.
- The maximum fee to be charged for our Retirement Plan Consulting service has been increased to 1.25%. The actual fee to be assessed will be outlined in the advisory agreement to be signed by the client.

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## Item 4: Advisory Business

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Idaho. Our firm has been in business as an investment adviser since 2014 and is wholly owned by Ryan Warwick, Benjamin Warren and Brooke Ramstad.

### Types of Advisory Services We Offer

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#### Portfolio Management:

Our Portfolio Management service encompasses asset management and may include financial planning services. This service is designed to assist clients in meeting their financial goals through the use of financial investments. Our firm conducts client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what is learned, an investment approach is presented to the client that may consist of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Accounts are reviewed on an annual basis. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

#### Financial Planning:

Our firm provides a variety of standalone financial planning services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically involve preparing a financial plan for clients based on the client's financial goals and objectives. This planning may encompass Investment Planning, Retirement Planning, Estate Planning, Family and Business Succession Planning, Charitable Planning, Education Planning, Mortgage/Debt Analysis, Insurance Analysis, or Business and Personal Financial Planning. Written financial plans rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Our firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Assuming that all the information and documents requested from the client are provided promptly, plans are typically completed within 6 months of the client signing a contract with our firm.

#### Pension Consulting:

We provide pension consulting services to employer plan sponsors on a one-time or ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment selection and monitoring, plan design, fiduciary education, participant education, and plan benchmarking. All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we may be a non-fiduciary, or a fiduciary within the meaning of Section 3(21) or 3(38) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

#### Separately Managed Account Services ("SMA"):

We participate in the Schwab Managed Account Program and offer separately managed accounts from the Managed Account Access program. This Schwab program allows access to independent money management firms offered by the

Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"). Our firm performs management searches of various investment managers. Based on the client's individual circumstances and we determine which selected manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the objectives of each client and the investment philosophy of the selected manager. Clients should refer to the manager's Firm Brochure or other disclosure document for a full description of the services offered. We will furnish a copy of the disclosure brochures for each manager selected. We will recommend one or more managers who will manage the client's account on a discretionary basis. On an ongoing basis, we monitor the performance of the manager(s).

- **Managed Account Access ("Access")**

Managed Account Access allows clients to work with an array of money managers and conduct their own research within a bundled fee program. Schwab's fees are charged in addition to fees charged by our firm. Access provides money manager services and Schwab's brokerage and custody services for a simple, asset-based fee and with streamlined paperwork. Features include single contract structure, low account minimums, bundled fees, manager and strategy flexibility and variety, performance reporting and managed account tools and resource. Access to managers in this program is offered at the following account levels: \$100,000 for Stock/Equity Managers and \$250,000 for Bond/Fixed Income Managers. Some money managers may have a higher account minimum.

#### **Tailoring of Advisory Services**

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We offer individualized investment advice to our Portfolio Management and Pension Consulting clients. Additionally, we offer general investment advice to clients who are utilizing our Financial Planning or SMA services. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the 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. Restrictions would be limited to our Portfolio Management services.

#### **Participation in Wrap Fee Programs**

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Our firm does not offer wrap fee programs.

#### **Regulatory Assets Under Management**

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As of December 31, 2016, our firm manages \$443,400,000 on a discretionary basis and \$99,700,000 on a non-discretionary basis.

### **Item 5: Fees & Compensation**

#### **How We Are Compensated for Our Advisory Services**

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##### **Portfolio Management:**

The maximum annual fee charged for this service will not exceed 1.125%.

Our Fixed Income Accounts fee schedule only applies to non-ERISA accounts, and we require an aggregate account balance of \$1,000,000. If an individual account does not meet this minimum fee on an annual basis, we reserve the right to bill the difference between the account fee charged and the minimum fee amount at our discretion. These requirements may be waived on a client-by-client basis.

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the aggregate value of your accounts on the last day of the previous quarter. Fees will be deducted from your managed account. In rare cases, we will agree to direct bill clients. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms. We send our invoice directly to the custodian; and
- c) It is the client's responsibility to verify the calculation of advisory fees deducted from your account.

#### **Financial Planning:**

Our firm charges on a flat fee basis for financial planning services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum annual flat fee to be charged will not exceed \$10,000. The fee-paying arrangements for this service will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. Our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

#### **Pension Consulting:**

Our pension consulting services may be billed on an hourly fee, flat fee or a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fee is \$250. Flat fees range from \$500 to \$25,000. Fees based on a percentage of managed Plan assets will not exceed 1.25%. The fee-paying arrangements for Pension Consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. Fees may be paid from plan assets or clients can elect to be invoiced directly for the fees.

#### **Separately Managed Account Services:**

Depending on the service utilized, program fees for the SMA services may be up to 3.00%. To calculate your SMA program fee, Schwab multiplies the actual daily balance of your account by the daily pro rata portion of the annual rate and then adds together the fees for each day of the month. The program fee is billed to your account monthly, which may result in your paying a higher fee on an annual basis than the annual rate due to the effects of compounding. Our asset management fee is charged pro-rata quarterly in advance based on the value of your account on the last day of the previous quarter.

#### **Other Types of Fees & Expenses**

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Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

#### **Termination & Refunds**

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We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, you need to contact us in writing and state that you wish to do so. Upon receipt of your letter of termination, we will begin the process of unlinking your account from our firm's management. A pro-rata refund of unearned advisory fees will then be processed. Refunds will only be given if the pro-rata calculation is in excess of \$100. Exceptions may be made on a client-by-client basis.

Financial Planning clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm. Refunds will only be given if the difference calculation is in excess of \$100. Exceptions may be made on a client-by-client basis.

#### **Commissionable Securities Sales**

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We do not sell securities for a commission in our advisory accounts.

### **Item 6: Performance-Based Fees & Side-By-Side Management**

We do not accept performance-based fees.

### **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans; and
- Corporations, Limited Liability Companies and/or Other Business Types

Our Fixed Income Accounts fee schedule only applies to non-ERISA accounts, and we require an aggregate account balance of \$1,000,000. This requirement may be waived on a client-by-client basis. Each client account is subject to a minimum account fee of \$100 annually to cover the minimum costs of servicing an account. If an individual account does not meet this minimum fee on an annual basis, we reserve the right to bill the difference between the account fee charged and the minimum fee amount at our discretion. These requirements may be waived on a client-by-client basis.

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

#### **Methods of Analysis**

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting:** In this type of technical analysis, we review 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.

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

**Fundamental Analysis:** We attempt 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:** We analyze past market movements and apply 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 movement.

### **Investment Strategies**

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

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Fixed Income:** We believe that a conservative, risk-averse approach to fixed income management will provide both steady incremental outperformance, and low relative volatility. The disciplined process we employ in an effort to realize this philosophy is generally grounded in four key decisions:

- Constraint of portfolio duration within a narrow range relative to the benchmark in order to limit exposure to market and interest rate risk.
- Strategic allocations to key sectors to add value relative to the benchmark.
- Proactive management of term structure to add value in different yield curve environments.
- Security selection based on rigorous credit and relative value analysis and broad diversification of nongovernment issuers.

Within our Fixed Income strategy, we use the following sub-strategies in managing client accounts, provided that such sub-strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Long-Term Purchases:** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. We typically employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

### **Model Portfolios**

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RWIM utilizes several proprietary model portfolios. Client accounts or portfolios may utilize the following models:

- **Balanced Portfolio:** Balanced Model is a combination of the Equity Portfolio and the Tax-Exempt Portfolio (see below) in a 75/25 mix. Allocation may be adjusted for client-specific needs.
- **Conservative Growth Portfolio:** The Conservative Growth Portfolio pursues equally the goals of growth of principal and current income. The portfolio seeks to avoid excessive volatility in pursuit of the portfolio objectives. The portfolio attempts to be well diversified to avoid undue exposure to any single economic



sector or industry group. The portfolio utilizes mutual funds or exchange-traded funds to achieve proper diversification and the desired market exposures. Fixed income and cash will be used to diversify the portfolio, reduce volatility, provide income, and provide liquidity. An unbiased approach is utilized in the fund selection process, taking into account quantitative and qualitative factors. The weighted average expense ratio of funds in the portfolio is intended to be kept to a minimum. The number of funds in the portfolio should be kept to a minimum while still maintaining the desired diversification and market exposures. The portfolio will be rebalanced as appropriate to prevent undue exposure to any particular asset class and to take advantage of market movements. Investment objectives and policy guidelines will be reviewed annually. The portfolio will be monitored on an ongoing basis and changes will be made as appropriate. Investment performance will be reported quarterly at minimum and monitored on an ongoing basis.

- **Equity Portfolio:** The Equity Portfolio pursues growth of principal. The portfolio will tolerate short-term volatility in pursuit of the portfolio objective. The foundation of our portfolio management process is a conviction that financial markets often operate in an irrational manner. Our goal is to identify those segments of the market temporarily out of favor with the majority of market participants. We believe the market systematically overpays for recent corporate success and underpays for recent corporate difficulties. We attempt to capitalize upon this by separating the day to day noise of trading activity (speculation) from the longer term intrinsic value of businesses (investment). This process can create opportunity for investors as businesses can often be purchased for prices below their intrinsic value.

We search for companies we feel are trading at a discount to the market based upon a variety of metrics. Typically the portfolio will hold 20 to 30 securities. The core holdings of the portfolio are typically US businesses with mid to large market capitalizations (\$5 billion or greater). On average, the core holdings may have the following characteristics: Greater than market average dividend yield, Lower than market average price to earnings ratios, Lower than market average price to book value and/or Lower than market average price to cash flows

The core holdings are intended to be held for long periods of time, lowering portfolio turnover and increasing tax efficiency. After building our base of long-term holdings, we look for special situations, or areas that may offer higher return opportunities. This portion of the portfolio will often include smaller companies. We seek to enter a security near the bottom of an identified trading range by purchasing a small percent position. We continue to monitor the company for events that would materially change our desire for ownership, increasing the position on price dips and decreasing our position on strength. This discipline of buying on dips and taking profit out of appreciated holdings keeps us from being overexposed to any individual security.

- **Long Term Growth Portfolio:** The Long Term Growth Portfolio pursues growth of principal. The portfolio will tolerate short-term volatility in pursuit of the portfolio objective. The portfolio attempts to be well diversified to avoid undue exposure to any single economic sector or industry group. The portfolio utilizes mutual funds or exchange-traded funds to achieve proper diversification and the desired market exposures. An unbiased approach is utilized in the fund selection process, taking into account quantitative and qualitative factors. The weighted average expense ratio of funds in the portfolio is intended to be kept to a minimum. The number of funds in the portfolio should be kept to a minimum while still maintaining the desired diversification and market exposures. The portfolio will be rebalanced as appropriate to prevent undue exposure to any particular asset class and to take advantage of market movements.
- **Moderate Growth Portfolio:** The Moderate Growth Portfolio pursues growth of principal with a secondary goal of current income. The portfolio will tolerate some volatility in pursuit of the portfolio objectives. The portfolio attempts to be well diversified to avoid undue exposure to any single economic sector or industry group. The portfolio utilizes mutual funds or exchange-traded funds to achieve proper diversification and the desired market exposures. Fixed income and cash will be used to diversify the portfolio, reduce

volatility, provide income, and provide liquidity. An unbiased approach is utilized in the fund selection process, taking into account quantitative and qualitative factors. The weighted average expense ratio of funds in the portfolio is intended to be kept to a minimum. The number of funds in the portfolio should be kept to a minimum while still maintaining the desired diversification and market exposures. The portfolio will be rebalanced as appropriate to prevent undue exposure to any particular asset class and to take advantage of market movements.

- **Tax-Exempt Fixed Income Portfolio:** High net worth investors utilize tax-exempt fixed income to generate current income while trying to avoid tax liability. We believe this is best achieved by holding high quality assets and maintaining a disciplined approach to interest rate risk. The strategy may invest in U.S. Treasury Bills, Notes, and Bonds, and tax-exempt municipal bonds issued by states, counties, cities, and their respective agencies. We utilize a disciplined top-down approach to tax-exempt fixed income. The process begins with an evaluation of the U.S. and global macroeconomic environment, including an evaluation of the fiscal health of specific municipal bond issuers. We position portfolios on the yield/maturity spectrum where we believe clients are best rewarded for the interest rate risk they assume. We develop model portfolio attributes of effective duration, credit distribution, coupon, issuer allocation and callability. We attempt to decrease credit risk subject to the constraints of our targets and client-specific needs. We do not attempt to time short-term changes in interest rates or credit ratings. Our target portfolio attributes may change as the economic and interest rate environment evolves. We attempt to add value through individual security selection and analysis, increasing portfolio yield within our constraints. We typically hold municipal bonds to maturity, therefore minimizing turnover and keeping trading costs low.

Our buy discipline is driven by our target portfolio attributes and we purchase those bonds that move the portfolio toward those targets. When evaluating bonds of similar duration and credit risk, the bond with the highest yield is preferred. Securities are sold when target portfolio attributes change, or if a different security dominates under the firm's risk/reward outlook, taking into account costs of making the trade. Securities are typically sold if both S&P and Moody's rate the issuer below investment grade.

- **Taxable Fixed Income Portfolio:** Investors utilize fixed income in a balanced portfolio to reduce total portfolio volatility. We believe this is best achieved by holding high quality assets and maintaining a disciplined approach to interest rate risk. We utilize a disciplined top-down approach to fixed income. The process begins with an evaluation of the U.S. and global macroeconomic environment. Relevant factors include central bank interest rate policy, monetary policies, fiscal policies, current economic trends, and credit market indicators. We position portfolios on the yield/maturity spectrum where we believe clients will be best rewarded for the interest rate risk they assume. Weighing risks and rewards across the various sectors of the U.S. investment grade bond market, we develop model portfolio attributes including effective duration, sector allocation, credit distribution, coupon, and callability. We do not attempt to time short-run changes in interest rates or credit ratings. Our portfolio attributes may change as the economic and interest rate environment evolves. We attempt to add value through individual security selection and analysis, maximizing portfolio yield within our constraints. Our disciplined approach results in relatively low turnover, reducing trading costs for our clients.

Our buy discipline is driven by our model portfolio attributes, and we purchase those bonds that move the portfolio toward those targets. When evaluating bonds of similar duration, sector, and credit rating, the bond with the highest yield is preferred. Securities are sold when target portfolio attributes change, or if a different security dominates under the firm's risk/reward outlook taking into account costs of making the trade. Securities are typically sold if both S&P and Moody's rate the issuer below investment grade.

Investment performance for all of the above described portfolios will be reported quarterly at minimum. Each portfolio is monitored on a daily basis and adjustments made as appropriate. Portfolio holdings are replaced, when a portfolio becomes out of balance, or when we feel that a security is fully valued.

## **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

## **Description of Material, Significant or Unusual Risks**

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We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for services related to Portfolio Management, as applicable.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

## **Item 10: Other Financial Industry Activities & Affiliations**

Representatives of our firm are licensed insurance agents/brokers. They may offer products and receive normal and customary commissions as a result of these transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 24 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

#### **Compliance with Department of Labor Fiduciary Rule**

Our firm provides investment advice to assets affected by the Department of Labor ("DOL") Fiduciary Rule for a level fee. As such, we abide by the Impartial Conduct Standards as defined by the DOL. To comply with these standards, our firm and our advisors give advice that is in our clients' best interest, charge no more than reasonable compensation (within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2), and make no misleading statements about investment transactions, compensation, conflicts of interest, and any other matters related to investment decisions.

## **Item 12: Brokerage Practices**

### **Selecting a Brokerage Firm**

Our firm does not maintain custody of client assets (although we may be deemed to have custody of client assets if we are given the authority to withdraw assets from client accounts (see Item 15 Custody, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. ("Schwab") and Interactive Brokers, LLC ("IB"), FINRA-registered broker-dealers, members SIPC, as the qualified custodians. We are independently owned and operated and not affiliated with Schwab and IB. Schwab and IB will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that clients use Schwab or IB as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. We do not open the account for the client. Even though the client account is maintained at Schwab or IB, we can still use other brokers to execute trades for the account, as described in the next paragraph.

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength and stability of the provider
- Their prior service to us and our other clients

### **Custody & Brokerage Costs**

Schwab and IB generally do not charge separately for custody services. Schwab and IB are compensated by charging commissions or other fees on trades that it executes or that settle into the account. For some accounts, in addition to what is covered by our advisory fee, Schwab may charge a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab's commission rates and/or asset-based fees applicable to our client accounts were negotiated based on our commitment to maintain a minimum threshold of our clients' assets statement equity in accounts at Schwab. This commitment benefits the client because the overall commission rates and/or asset-based fees paid are lower than they would be if we had not made the commitment. In addition to commissions or asset-based fees Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades for the client account.

### **Products & Services Available to Us**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees.

### **Services that Benefit Client**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account.

### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements);
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- Provides pricing and other market data;
- Facilitates payment of our fees from our clients' accounts; and
- Assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Technology, compliance, legal, and business consulting;
- 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 us. 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 us with other benefits such as occasional business entertainment of our personnel.

Irrespective of direct or indirect benefits to our client through Schwab or IB, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

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#### **Directed Brokerage**

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of Schwab or IB. Each client will be required to establish their account(s) with Schwab or IB, if not already done. Please note that not all advisers have this requirement.

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#### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

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#### **Aggregation of Purchase or Sale**

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking

into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13: Review of Accounts or Financial Plans**

Portfolio Management and SMA service accounts are reviewed on an annual basis. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews. We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Account/Portfolio performance will be provided electronically via email and/or our secure online client portal. We will provide hard copies of reports only if requested. Online access will be provided by the account custodian. The account custodian will provide at least quarterly statements.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our firm does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage our firm for a post-financial plan meeting or update to their initial written financial plan.

Pension Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to Pension Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Pension Consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

### **Item 14: Client Referrals & Other Compensation**

#### **Charles Schwab & Co., Inc.**

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We receive an economic benefit from Schwab in the form of the support products and services. These products and services are made available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

#### **Referral Fees**

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We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

### **Item 15: Custody**

Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client

compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

#### **Item 16: Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

#### **Item 17: Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

#### **Item 18: Financial Information**

We are not required to provide financial information in this Brochure because we do not require the prepayment of more than \$1,200 in fees and six or more months in advance, we do not take custody of client funds or securities and we do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.