

## **POST HEWINS, LLC**

SEC File Number: **to be assigned**

### **Firm Brochure (Part 2A of Form ADV)**

**March 23, 2018**

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This Brochure provides information about the qualifications and business practices of Post Hewins, LLC ("Post Hewins"). If you have any questions about the contents of this Brochure, please contact us at 650-620-3040. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("the SEC") or by any state securities authority. Hewins has applied for registration as an investment advisor with the SEC. Registration of an investment adviser does not imply any level of skill or training. Additional information about Post Hewins is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: MATERIAL CHANGES**

This Brochure is Post Hewins' first ADV Part 2A; therefore, there are no material changes to provide at this time. We encourage each client to carefully read this Form ADV, which details important information about the advisor, and its services, fees and conflicts of interest.

Each client of Post Hewins will receive a copy of this Form ADV Part 2A Brochure (also known as the "Firm Brochure" or "Brochure") and applicable Brochure Supplements (also known as ADV Part 2B) prior to or at the time of engagement. Our Brochure Supplements describe the background and experience of each employee who serves on Post Hewins' Investment Committee or provides clients with direct investment advice.

If there are material changes to the Firm Brochure or Brochure Supplement, and after filing our Annual Amendment for the Brochure, all Post Hewins clients will receive a copy of the Brochure (and as applicable, Brochure Supplement), or alternatively, a summary of material changes, which includes an offer to provide a copy of the updated Brochure and information about how to obtain that updated Brochure. In addition, we will provide any client with a copy of the updated Brochure upon request at any time and at no cost. Interim, non-material amendments to the Firm Brochure generally are not distributed. Clients will also receive an updated Brochure Supplement if there is a material change for that individual. For those clients who have consented to the electronic delivery of documents, the Brochures will be delivered electronically.

Clients are strongly encouraged to bring any questions or concerns about the Brochures to the attention of their regional advisor or to Post Hewins' Chief Compliance Officer, who can be reached toll-free at 650-620-3040.

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## Item 4: ADVISORY BUSINESS

Post Hewins, LLC (“Post Hewins,” “we,” “our” or “us”) is a limited liability company formed in 2017 in the state of Delaware and is applying for registration as an investment advisor with the SEC in March 2018. Post Hewins is owned by Roger Hewins (who has a majority interest), John Bussel (who has the next largest interest), Martha Post (who has the next largest interest after John Bussel) and several other members of the firm’s senior management team. As of the time of this filing, the principals of Post Hewins are with Hewins Financial Advisors, LLC, which is affiliated with the CPA firm, Wipfli LLP, and is wholly owned by Wipfli Financial, LLC (collectively, “Wipfli”). Effective May 31, 2018, the departing members of Wipfli who are joining the Post Hewins team will redeem their membership interests in Wipfli. Other members of Wipfli have elected to stay, while some other personnel (non-members) will depart and join the Post Hewins team.

To that end, during a specified transition period, Wipfli and Post Hewins have entered into a Transition Services Agreement, whereupon each of the advisors will be performing certain services for the benefit of the other advisor; see Item 4.B.3 below for important additional information.

Post Hewins is managed by a board of three elected managers (“PH Board”), elected by the members. The PH Board designated Roger Hewins as the President and Chief Executive Officer (“CEO”) of Post Hewins. The PH Board is responsible for strategic decision-making, whereas Roger Hewins and other members of the senior management team oversee day-to-day operations of the firm.

For additional information about Post Hewins’ ownership structure, please refer to Schedule A of our Form ADV Part 1A, which is available at no cost either online at [www.sec.gov](http://www.sec.gov) or by contacting the firm itself.

As discussed below, Post Hewins offers investment advisory and financial planning services to our clients (including individuals and couples, families, business entities, pension and profit-sharing plans, trusts, estates and charitable organizations). Clients are free to choose one service without any obligation to engage us for any other. We reserve the right to refuse any engagement we deem as an improper fit for our services.

### **A. INVESTMENT ADVISORY SERVICES**

In addition to our financial planning and investment advisory services, we also provide Retirement Plan Services and other consulting services. Each of our services is described below, and fees for each service are discussed in Item 5.

#### **1. Standard Investment Advisory Services**

Our standard investment advisory services are available to individuals and families, trusts and estates, pension and profit-sharing plans, business entities and charitable organizations. Clients can engage us to provide ongoing investment advisory services on a discretionary or nondiscretionary basis in accordance with the client’s investment objectives. Our services and all conditions to them are fully described in the written Investment Advisory Agreement, provided to and signed by each client. Once determined, the client’s investment objectives are then set forth in a written

Investment Policy Statement (“IPS”) prepared by us and signed by the client. We do not have a minimum account size (i.e., a required minimum amount of assets under our management (“AUM”)) for standard investment advisory services, but we do require a minimum of \$5,000 in annual fees. We typically aggregate clients’ assets with assets of their immediate family members, who are also our clients, to allow all members of the family to achieve fee breakpoints and meet our \$5,000 annual minimum fee requirement. Our fees and various additional discounts are discussed more fully in Item 5.

We provide investment advisory services specific to the needs of each client. These services are provided to the client by a dedicated Post Hewins Investment Advisor Representative (“IAR”). The IAR ascertains, in consultation with the client, the client’s financial situation, risk tolerance and investment objectives as well as other pertinent information. From this information, the IAR prepares a written IPS for the client’s approval. The IPS can be modified at any time after a consultation between the client and the IAR. We generally recommend that clients allocate their investment assets among various mutual funds; however, depending on the client’s specific financial situation, objectives and risk tolerances, we sometimes recommend Independent Third-Party Asset Managers or Private Investment Funds where appropriate and as described below. All recommendations are made in accordance with the investment profile of the client and investment strategies set forth in the IPS. In certain circumstances, clients are permitted to impose reasonable restrictions regarding their investments — for example, through “socially responsible” investing.

As part of our investment advisory services, we make certain investment benefits available to our clients that are not otherwise available to retail investors. Such benefits include:

- Access to professionally-developed and monitored model portfolios suitable for investors with a wide range of risk tolerances;
- Access to institutional share classes (i.e., lower-cost share classes) of certain mutual fund families, by nature of our business relationship with those fund families;
- Access to certain fund families whose substantial minimums would normally preclude retail client investment. We are able to offer funds from these fund families due to large volumes of assets that we invest on behalf of our clients; and
- Access to certain low-cost fund families made available only to a select group of registered investment advisors.

Clients are strongly encouraged to communicate to us any changes to their financial circumstances or any other material changes in their lives that could impact their investments.

As described in Item 8, portfolio rebalancing and tax-loss harvesting are part of the standard investment advisory services we provide for clients.

Although clients can engage us for financial planning services alone (as discussed in greater detail below), we generally provide financial planning services in conjunction with our standard investment advisory services. We use an interactive planning tool to develop a thorough understanding of our clients and their financial lives. The use of this tool provides clients with immediate visual feedback of the financial results stemming from different assumptions and choices. This information is used to help clients establish investment objectives and risk tolerances.

In general, our clients' accounts are implemented via the custody platform at Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (hereinafter referred to as "Schwab"), or at TD Ameritrade Institutional (hereinafter referred to as "TD Ameritrade"). To receive our services, clients enter into written account agreements with the applicable custodian. For fees associated with custodial services, please refer to Item 5.

#### **a. Independent Managers**

To address a client's designated investment objectives, we sometimes recommend that the client allocate a portion of his or her investment assets to one or more unaffiliated independent investment managers. Factors that we consider before recommending an independent manager include but are not limited to the client's investment objectives, the overall size of the client's investment portfolio, the independent manager's management style, investment team, performance history, reputation, financial strength, pricing and investment process. Some of these independent managers are not available to the general public.

To hire an independent manager, the client will enter into a separate agreement with the independent manager. The independent manager shall have day-to-day responsibility for the discretionary management of the allocated assets, and we will continue to render investment advisory services regarding the assets placed with the independent manager, including the ongoing monitoring and review of account performance and compliance with the client's investment objectives.

If a client chooses to invest with independent managers, he or she will incur a separate fee from the independent manager for those services, and the value of the client's assets invested with the manager will be included in the calculation of our investment advisory fees. We do not receive any referral fees for recommending any independent manager. We have the authority to hire and fire these independent managers should we become concerned about a manager's performance, its ability to meet the client's stated objectives or for any other reason that we deem appropriate for the client.

#### **b. Private Investment Funds**

We provide some of our high-net-worth clients with investment advice regarding private investment funds. Our role relative to private investment funds shall be limited to initial and ongoing due diligence and investment monitoring services. If a client chooses to become a private fund investor, the client will enter into a separate agreement with the private investment fund(s) in question and will incur separate fees that vary based upon the specifics of the fund(s). Assets invested in the private fund(s) will be included in the calculation of our investment advisory fees. We do not receive any referral fee for recommending any investment with a private investment fund.

Our private fund investment program is recommended only to clients that meet certain investor sophistication standards that are defined in the federal securities laws and regulations. Each fund manager will have a sophistication standard that a client must meet to invest in a fund, as set forth in a fund's governing documents. Given the illiquid and risky nature of private equity investing, clients who decide to invest into these funds must be willing to commit to a long-term investment and tolerate the high risk associated with investing in them. Additionally, many private funds have high minimum investment amounts (typically between \$250,000 and \$500,000); therefore, we

recommend them to clients that have a level of assets that enables them to achieve appropriate diversification (by investment type and vintage year) within this segment.

Risks that are specific to investing in private funds are discussed in detail, among all other risks, in Item 8 of this Brochure.

## **2. Retirement Plan Services – Investment Advisory Services for Employee Benefit Plans**

We provide investment advisory services to employee benefit plans, including but not limited to 401(k) plans, profit-sharing plans and pension plans. Each employee benefit plan client (“Plan”) that engages us for Retirement Plan Services can generally do so either on an ERISA Section 3(38) fiduciary basis or an ERISA Section 3(21) fiduciary basis. When a Plan engages us for either ERISA 3(21) basis or ERISA 3(38) basis, we acknowledge our status as a fiduciary to the Plan, as defined in Sections 3(38) and 3(21) of ERISA, and we assume the duties, responsibilities and obligations of such a fiduciary.

Furthermore, Post Hewins acknowledges that it adheres to impartial conduct standards, whereby we provide investment advice that is in the best interest of the Plan; we receive compensation that is not in excess of reasonable compensation (within the meaning of ERISA); and we will not make any materially misleading statements to the Plan regarding the advisor’s services and recommendations, fees and compensations, material conflicts of interest and any other matters relevant to the Plan’s investment decisions.

The exact scope of our services varies depending on whether we are engaged on an ERISA 3(38) fiduciary basis or an ERISA 3(21) fiduciary basis. We reserve the right to refuse to be engaged on an ERISA 3(38) basis or an ERISA 3(21) basis, or for any particular type of Retirement Plan Services, in any particular engagement.

As part of our Retirement Plan Services, we provide the following services to the Plan regardless of whether we are engaged on an ERISA 3(38) basis or an ERISA 3(21) basis:

- We review the Plan’s investment policies and guidelines with the Plan’s sponsor;
- We work with the Plan sponsor to develop an IPS for the Plan;
- In accordance with the investment strategies in the Plan’s IPS, we help design, implement and monitor investment options for the Plan’s participants;
- We report to and meet with the Plan’s sponsor(s) on a regular basis to review performance of the Plan’s investment options and participant participation;
- Depending upon the scope of the arrangement with the Plan, we provide periodic on-site enrollment meetings with the Plan’s participants; and
- We provide education to the Plan’s participants regarding the benefits of participating in the Plan and answer participants’ questions regarding the Plan’s investment options, both remotely and on-site periodically.

Typically, a Plan that engages us on an ERISA 3(38) basis for Retirement Plan Services does so on a discretionary basis, while a Plan that engages us on an ERISA 3(21) basis does so on a nondiscretionary basis.

Post Hewins sometimes engages the services of non-affiliated service providers to provide

administrative support to Plans and Plan participants. Such services are limited to serving as the liaison with the Plan's third-party administrator (TPA) and Recordkeeper, assisting with the enrollment process and providing participant education services.

Details regarding our fees for Retirement Plan Services are discussed in detail in Item 5 of this Brochure.

## **B. OTHER SERVICES**

### **1. Financial Planning and Consulting Services**

Clients who do not have an investment advisory relationship with us can elect to receive financial planning services pursuant to the terms of a written Financial Planning Agreement. The financial planning agreement describes the scope of the services to be provided and the fees to be charged.

On a stand-alone, separate-fee basis, we can provide consulting services on various noninvestment financial issues. For these consulting services, the client will sign a separate agreement describing the scope of the services and the fees to be charged. We can, in our sole discretion, waive any or all fees for consulting services.

Neither we, nor any of our employees, serve our clients as an accountant or attorney, and no portion of our services should be viewed as a substitute for such services.

### **2. Business Exit Planning Services**

Post Hewins offers Business Exit Planning Services ("BEP Services") to business owners. The creation of a Business Exit Plan ("BEP") is intended to help business owners build plans for the successful transition of their businesses. BEP Services is a separate and distinct service line from our investment advisory or financial planning services, and clients engage us for BEP Services under a separate written agreement. Post Hewins charges a fee for the creation of a BEP, as well as a separate fee to manage the implementation of the delivered plan. These fees are separate from other services we provide and are described in detail in Item 5 (Fees and Compensation) of this Brochure.

Our fees do not include fees charged by other advisors who participate in the execution of recommendations made during the planning process. Post Hewins will not act as a business broker, valuation accountant or an investment banker in the process of creating or implementing a BEP. While Post Hewins can, and often does, recommend accountants, investment bankers, attorneys and other professional services providers to BEP Services clients to implement parts of a plan, clients should understand that it is their responsibility to hire such professionals and pay their fees.

### **3. Transition Services Agreement with Wipfli**

Effective June 1, 2018, Post Hewins will be providing the following services to Wipfli pursuant to the terms of a written agreement:

- Portfolio accounting services;
- Quarterly billing and related processing;
- Client reporting;
- Professional support, such as training and mentoring;
- Portfolio support services, including trading and operations (subject to restrictions and standard operating procedures);



- Interfacing with third-party managers and vendors for account set-up; and
- Participation in the Wipfli/Post Hewins Advisory Committee.

Fees related to this service are outlined in Item 5.

Similarly, effective June 1, 2018, Wipfli will be providing the following services to Post Hewins pursuant to the terms of a written agreement:

- Investment research support;
- Production support; and
- Participation in the Wipfli/Post Hewins Advisory Committee.

There will be no payment of fees required for these services.

#### **4. Limited Scope Administrative Services to Other Investment Advisory Firms**

Post Hewins provides limited scope administrative services (“Back-Office Services”) to third-party non-affiliated registered investment advisory firms (“RIA Clients”). Such services are provided pursuant to signed written agreements which outline the scope and details of Back-Office Services provided, as well as conditions and fees of these relationships.

Back-Office Services can be customized depending on the needs of the specific RIA Client and generally include:

- Portfolio accounting services;
- Billing (invoice calculations, reconciliation and fee processing);
- End-client reporting;
- Training, as requested and negotiated by the RIA Client; and
- Other ad hoc administrative services, as requested and negotiated by a specific RIA Client.

As part of the Back-Office Services offering, Post Hewins requires RIA Clients to disclose the engagement of Post Hewins to provide such services, dependent upon the nature of the services requested. As a result of providing Back-Office Services, Post Hewins may gain access to nonpublic, personal information of RIA Clients’ end-clients. To mitigate this conflict, Post Hewins has entered into a confidentiality agreement with the RIA Clients and adopted policies and procedures to protect such nonpublic personal information pursuant to privacy and security safeguards.

### **C. ADDITIONAL OBLIGATIONS AND DISCLOSURES REGARDING OUR SERVICES**

#### **1. Client Obligations and Responsibilities**

We offer our clients a selection of services; clients who engage us for one of the services we provide are under no obligation to engage us for any of the other services.

We are not required to verify any information we receive from the client or from the client’s other professionals, and the Investment Advisory Agreement expressly authorizes us to rely on information provided to us.

It remains the client's responsibility to promptly notify us if there is ever any change to his or her financial situation or investment objectives so that our recommendations continue to be appropriate for their needs.

## **2. Courtesy (Non-Managed) Accounts**

As a matter of accommodation and convenience to existing Post Hewins clients who have other managed assets with us, we allow clients to establish Courtesy Accounts ("Courtesy Accounts") at Schwab. Such Courtesy Accounts can only be established after the client signs a Courtesy Account Agreement. Post Hewins does not assume the responsibility to monitor, trade or report on these accounts, or any securities that they may hold. Clients are strongly encouraged to effectuate their own trading in these Courtesy Accounts. Post Hewins makes the best effort to accommodate non-solicited trade requests from clients, but only upon clients' explicit written instructions, and only after review and approval by a member of Post Hewins' management team. Post Hewins cannot guarantee timely execution of any such trades and reserves the right to reject any trade. Clients who wish to establish a Courtesy Account should review the Courtesy Account Agreement carefully prior to signing it. Post Hewins will not charge any fees on Courtesy Accounts.

## **3. Wrap Fee Program**

We do not participate in a wrap fee program.

## **4. Assets Under Management**

Post Hewins applied for registration with the SEC as an investment advisor in March 2018. At the time of the application, Post Hewins does not have any regulatory assets under management ("RAUM").

# **Item 5: FEES AND COMPENSATION**

## **A. INVESTMENT ADVISORY SERVICES**

Our fees for our investment advisory service lines (standard investment advisory services and Retirement Plan Services) are set forth immediately below. In each instance, our annual fees for investment advisory services are paid quarterly in advance, based upon the market value of the AUM on the last business day of the previous quarter. The initial quarterly fee is based on funding dates or the date(s) assets are transferred. Generally, clients elect to have our advisory fees deducted from their custodial accounts. The custodial agreement signed by the client typically authorizes the custodian to debit the account for the amount of our fees and to directly remit the fees to us in compliance with procedures accepted by the SEC. In those circumstances in which the client has requested to be billed directly, payment is due upon receipt of our invoice.

Our Investment Advisory Agreements with our clients continue in effect until terminated by either us or by the client(s) through written notice. After termination, we will provide a prorated refund on any unearned portion of the advisory fee that was paid in advance, in accordance with the terms of the Investment Advisory Agreement. Any refund due will be paid within five weeks of notice of termination.

### 1. Standard Investment Advisory Services

Our annual fee for standard investment advisory services is tiered, based upon a percentage (%) of the market value of the AUM as follows:

<u>ASSET BREAKPOINTS</u>	<u>ANNUAL FEE</u>
<b>First</b> \$2,000,000	1.00%
<b>Next</b> \$3,000,000	0.85%
<b>Next</b> \$5,000,000	0.40%
<b>Above</b> \$10,000,000	0.30%

There is a minimum quarterly fee of \$1,250, or 75 basis points (0.75%) of the assets — whichever is less. Clients can negotiate discounts from the above quoted fees, including minimum fees. Any fee discounts must be approved by a member of our senior management (typically the Chief Operating Officer) and documented. The fees above are for standard investment advisory services, as detailed in each applicable Investment Advisory Agreement, and include basic financial planning services. If a client requires specific consulting services, those services require a separate agreement and incur a separate fee.

### 2. Independent Managers and Private Investment Funds

Independent manager and private investment fund fees are in addition to and separate from the advisory fees we charge. Fees charged will vary among the independent managers and private investment funds.

The independent manager's fee will be outlined in a separate agreement between the independent manager and the client. The fee for private investment funds will be outlined in the offering documents provided by the fund.

### 3. Retirement Plan Services

The annual fee for Retirement Plan Services, regardless of whether we are engaged as an ERISA 3(38) fiduciary or a 3(21) fiduciary, is tiered and based on a percentage (%) of the market value of the assets of the Plan under management, as follows:

<u>ASSET BREAKPOINTS</u>	<u>ANNUAL FEE</u>
<b>First</b> \$500,000	0.75%
<b>Next</b> \$1,500,000	0.50%
<b>Next</b> \$3,000,000	0.40%
<b>Next</b> \$5,000,000	0.25%
<b>Next</b> \$5,000,000	0.20%
<b>Above</b> \$15,000,000	0.10%

There is a minimum quarterly fee of \$500, or 75 basis points (0.75%) of the market value of the assets — whichever is less. Clients can negotiate discounts from the above quoted fees, including minimum fees. Any fee discounts must be approved by a member of our senior management (typically the Chief Operating Officer) and documented.

## **B. OTHER SERVICES**

### **1. Financial Planning and Consulting Services**

Our financial planning and consulting fees are negotiable and dependent upon the level and scope of the services required as well as the IAR(s) rendering the services. Fees typically range from \$1,000 to \$5,000 on a fixed-fee basis, or \$150 to \$300 per hour. Fees for financial planning and consulting services are typically billed at the end of the project, except in cases of projects with extended length, where interim billing could take place. These fees are not deducted from client accounts; instead, they are paid directly by the client. We reserve the right to request an initial deposit.

### **2. Business Exit Planning Services**

Our Business Exit Planning Services (“BEP Services”) fees are negotiable and dependent upon the level and scope of the services provided, as well as personnel involved in rendering the services. Such level and scope of services vary greatly depending on the specific engagement; therefore, fees typically range from \$10,000 to \$100,000 per engagement. An engagement that falls on the lower side of this range typically produces a plan that provides general business exit guidance to smaller companies, whereby the owners need help with the continuity of the business; this typically includes buy-sell agreement reviews, employee incentive programs and shareholder planning. Engagements on the mid- to high-end of the fee range typically provide business exit planning guidance to larger, more profitable companies, where the owners require a comprehensive exit plan and assistance with the execution of the plan. Post Hewins’ role in such engagements is to design the Business Exit Plan (“BEP”) and facilitate and coordinate activities of other professional services providers — such as attorneys, accountants, investment bankers, etc. — to reach a successful exit.

These fees are not deducted from client accounts, should the client have an investment account with Post Hewins; instead, they are billed and paid directly by the client, typically in several installments throughout the planning process, as determined in the customized engagement agreement. We reserve the right to request an initial deposit, and we could charge an ongoing maintenance fee. All terms of a BEP Services engagement — including fees, installments, initial deposits and any maintenance fees — are always spelled out clearly in a separate written agreement.

As part of the implementation of a BEP, we can, and often do, recommend the use of third-party professional services providers (e.g., attorneys, accountants, investment bankers, valuers, etc.). Any services provided by third parties will be provided under a separate engagement and for a separate, distinct fee. We do not have referral arrangements with these providers, and we do not receive referral fees for recommending them to clients.

### **3. Fees for Transition Services Agreement with Wipfli**

In consideration for Post Hewins’ services to Wipfli, the following fees will be assessed:

- During the validity of the Transition Services Agreement, which is the period from June 1, 2018 through January 31, 2019, 8.5% of the fees billed to Wipfli clients' accounts will be assessed by Post Hewins;
- Post Hewins shall invoice Wipfli within thirty (30) days following the beginning of each calendar quarter; and
- Neither Post Hewins', nor Wipfli's clients, will be charged any additional fees as a result of this Transition Services Agreement.

Note: There is no fee associated with Post Hewins' participation in the Wipfli/Post Hewins Advisory Committee, nor does Wipfli assess Post Hewins any fees for transition services it performs.

#### **4. Fees for Administration/Back-Office Services**

Back-Office Services fees vary based upon the service types requested and the complexity of the services to be performed. Post Hewins generally receives a fixed "per end-client's account" fee (typically \$35 - \$40 per account). From time to time, additional fees for additional services can be negotiated, including technology fees or software licensing fees, implementation fees, retainer fees or other fees as warranted by the services being provided.

#### **5. Fees for Other Services**

Fees for other related services range widely and depend on the complexity and scope of the services to be rendered. Fees will be negotiated in advance and documented as an addendum to the client's Investment Advisory Agreement, to be agreed to in writing by both Post Hewins and the client. Where applicable, we will pay appropriate third parties any share of these fees that have been earned in conjunction with rendering other services to our clients. We will not receive any financial benefit from these third parties as a result of the performance of these services.

### **C. OTHER FEES**

Below is a description of some, but possibly not all, of the fees clients are expected to pay to third parties, in addition to our fees but in relation to the services we perform.

#### **1. Custodial Fees**

We generally recommend that either Schwab or TD Ameritrade serve as the custodian for our clients' advisory assets. Fees charged by the custodian are separate from and in addition to the fees clients pay to us.

There are two different arrangements for custodial fees at Schwab: Asset-Based Pricing ("ABP") and Transaction-Based Pricing ("TBP"). The ABP method assesses fees based on the value of the portfolio, rather than on individual transactions, and TBP charges a fee per each trade placed in the account. Post Hewins recommends ABP or TBP custodial pricing for our clients after conducting a thorough analysis of each specific client's portfolio. Among factors analyzed are the amount of assets in the account, the number and amounts of withdrawals and contributions anticipated from the account per year, and other specific needs for the account. The fees charged by the custodian are set forth by Schwab and are subject to change. While Post Hewins negotiates these fees from time to time with the custodian to benefit our clients, there is no guarantee that we will be able to

negotiate any specific fees or fee ranges. Schwab's custodial fees can be higher or lower than those charged by other custodians.

For clients using other custodians, fees will vary according to the custodian selected. For further information on our custody/brokerage practices, see Item 12.

## **2. Mutual Fund Fees**

Mutual fund fees are in addition to and separate from the advisory fee we charge. Many different types of mutual fund fees exist in the funds universe. All mutual funds have an internal expense ratio, which is the annual percentage of the funds' assets that the fund managers (not Post Hewins or the account custodian) charge to manage the funds. That expense ratio often includes separately disclosed "12b-1 fees," which are annual marketing or distribution fees. When selecting funds for our model portfolios, we focus on funds with low expense ratios. Some funds have "loads," which are sales charges assessed on the amount that the client invests into the fund. Loads can be front-end (assessed at the time of purchase) or back-end (assessed at redemption). Generally, we recommend "no-load" mutual funds. Furthermore, whenever possible, Post Hewins strives to select institutional share classes of those mutual funds that we recommend to clients. Institutional shares do not charge any loads and tend to have significantly lower expense ratios.

The custodian will provide each client with a fund prospectus for each mutual fund in which the client invests. The prospectus discloses, among other important information, the mutual fund's management and fee structure. We do not provide the prospectus; however, clients are strongly encouraged to review prospectuses and to speak with their Post Hewins IAR in case there are any questions, specifically about funds' fees.

## **D. FEE CONFLICTS**

### **1. Additional Disclosure Regarding Employee Accounts**

As an added benefit that is available only to Post Hewins' employees, principals and immediate members of their families — which include spouses and children under age 21 (collectively, "Employees") — Post Hewins will allow Employees to open accounts for their own benefit at Schwab and invest the assets in these accounts into one of Post Hewins' model portfolios. This benefit is provided to Employees at no cost, but Employees bear all costs associated with trading and holding the mutual funds in the accounts. Employees will not be receiving any additional services from Post Hewins — such as financial planning, preparation of an IPS or personalized investment advice — and Post Hewins' involvement in the accounts is limited to rebalancing and tax-loss harvesting the accounts according to Post Hewins' Investment Committee's model recommendation. Employees are not permitted to place their own trades in these accounts.

## **Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither Post Hewins, nor any of our supervised persons, accept performance-based fees. We do not engage in side-by-side management.

## **Item 7: TYPES OF CLIENTS**

Our clients include individuals and families, business entities, pension and profit-sharing plans, trusts, estates and charitable organizations located throughout the United States, as well as third-party unaffiliated investment advisory firms as part of our limited-scope Back-Office Services. Our minimum annual fee for standard investment advisory services is generally \$5,000, regardless of the value of the assets. However, Retirement Plan Services have varying or no minimum fees. Fees for other services are set forth in Item 5 above.

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

### **A. BASIC STRATEGY**

The foundation of our investment philosophy is to be highly disciplined, mitigate risks through asset class diversification and invest for the long term. Our Investment Committee (the “IC”) incorporates research and due diligence into our approach to asset allocation, fund recommendations and portfolio monitoring. The IC develops model portfolios based on Modern Portfolio Theory (“MPT”). The primary focus of MPT is to make investment decisions based on stated objectives and risk, evaluate investment performance at the portfolio level, eliminate risks attributable to specific securities through broad diversification and hold assets that are not highly correlated. MPT tells us that a portfolio can be constructed by combining asset classes in an optimal way so as to produce the highest return for a stated level of risk.

Regardless of the amount a specific client has to invest, we help him or her determine an appropriate asset allocation, given their objectives and risk tolerance. We then implement that allocation in a broadly diversified portfolio. Depending on the size of the client’s investment portfolio, among other factors, we will use mutual funds, separately managed accounts and other vehicles, including private investment funds, if appropriate. Interim fluctuations in market value and rates of return may be experienced in order to achieve long-term objectives. We employ no tactical or market-timing elements within our overall strategy. However, individual funds and managers that we recommend, or those used by the client, may employ different strategies with different associated risks at times.

### **B. INVESTMENT STRATEGY RELATIONSHIP**

#### **1. Callan Associates, Inc. (Callan)**

To augment our base of financial- and investment-related information and for the purposes of additional sophisticated analysis, we have engaged Callan Associates Inc. (“Callan”). We are a member of the Callan Independent Adviser Group (“IAG”), an organization of approximately 31 registered investment advisor firms. Callan is one of the largest investment consulting firms in the country, and provides research, education, decision-making support and advice to a broad array of institutional investors. Through our membership in Callan’s IAG, we have access to resources normally only available to the largest investors, including:

- Capital market projections related to risk, return and correlations of asset classes;
- Asset allocation software;

- A select list of recommended investment management organizations and products (in the form of mutual fund and separate account vehicles), based on in-depth qualitative and quantitative due diligence. Many of these money managers provide their services to IAG member clients at reduced minimums and discounted fees;
- A comprehensive database of mutual funds and separate account managers; and
- Research on various investment topics.

## **2. Wipfli/Post Hewins Advisory Committee**

Members of Post Hewins' IC participate in the Wipfli/Post Hewins Advisory Committee (the "Advisory Committee"). Among other things, the Advisory Committee, which consists of up to six members (up to three from each respective firm) will meet monthly pursuant to a charter. The primary purpose of the Advisory Committee is to share ideas between the two non-affiliated firms, including trends/patterns the respective members are observing in the financial industry. The Advisory Committee members do not share buy/sell recommendations, nor do they participate in the other non-affiliated adviser's investment committee or discuss client-specific matters.

## **C. CAPITAL MARKET EXPECTATIONS**

In determining an appropriate asset allocation for a client, we perform an asset allocation analysis based on long-term, forward-looking capital markets expectations and correlations among the various asset classes. These expectations are imprecise by nature; it is not possible to predict future performance. There can be no assurance that future returns will approximate the long-term rates of return experienced for each asset class, that future performance of an asset mix will fall within the simulated range of returns or that any modeled return will be achieved.

## **D. REBALANCING AND TAX-LOSS HARVESTING**

Based upon the client's prior written agreement to do so, we have, without further approval, the authorization to rebalance the client's portfolio and/or perform tax-loss harvesting in accordance with the client's approved asset allocation.

Over time, the value of different asset and sub-asset classes of a client's portfolio can rise or fall so that their percentages fall outside the asset allocation range defined in the client's IPS. We periodically review client accounts to determine if rebalancing is advisable and, if so, reallocate the account in accordance with the client-approved strategic asset allocations. Cash inflows/outflows are deployed in a manner consistent with a client's strategic asset allocation.

Tax-loss harvesting is the process of selling selected securities at a loss to help offset capital-gains tax liabilities. To take advantage of such tax losses, our Investment Advisory Agreements state that we may, without further client approval, sell investments and replace those investments with other investments within the same asset class. In general, after the required time lapse, we will return the client's investments back to the original investments if it is advisable from a tax perspective.

## **E. INVESTMENT RISK**

The following is an outline of the main risks pertaining to the asset classes utilized by Post Hewins:



- **Market Risk:** The price of a security can 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.
- **Equity Risk:** Historically, the equity markets have moved in cycles, and the value of equity securities can fluctuate significantly from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors contribute to price volatility.
- **Business Risk:** This risk is associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it — a lengthy process — before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Foreign Risk:** Investments in foreign securities pose special risks — including currency fluctuation and political risks — and such investments can be more volatile than that of a United States-only investment. The risks are generally greater for investments in emerging markets.
- **Currency Risk:** Foreign 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, bringing significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- **Fixed Income – Credit Risk:** This is the risk that principal and/or interest on a fixed-income investment will not be paid in a timely manner or in full, due to changes in the financial condition of the issuer. Generally, the higher the perceived credit risk, the higher the rate of interest investors will receive on their investment.

Many bonds are rated by a third-party Nationally Recognized Statistical Rating Organization ("NRSRO") — for example, Moody's Investor Services or Standard & Poor's Inc. While ratings may assist investors in determining the creditworthiness of the issuer, they are not a guarantee of performance. Treasury bills, notes and bonds are guaranteed by the full faith and credit of the United States, and therefore are deemed to carry no risk of default.

- **Fixed Income – Interest Rate Risk:** This is the risk that the value of an interest-bearing investment will change, due to changes in the general level of interest rates in the market. The market value of a bond fluctuates inversely to the change in interest rates; that is, as interest rates rise, bond prices fall and vice versa.

Interest rate risk is commonly measured by a bond's duration; the greater a bond's duration, the greater the impact on its price due to a change in interest rates. Investors can incur a gain or loss from bonds sold prior to the final maturity date.

- **Fixed Income – Municipal Securities Risk:** To the extent an account is invested in bonds issued by local governments, such bonds are subject to the fixed income risks described above as well as additional risks which are:
  - *Legislative Risk:* The risk that change in legislation (e.g., changes in the tax code) will have an effect on the value of tax-exempt interest income;
  - *Liquidity Risk:* The risk that investors are not able to find a buyer when they want to sell and could be forced to sell their holdings at a significant discount.

Liquidity risk is greater for bonds with lower ratings, bonds that are part of a small issue, recently downgraded bonds or bonds by an issuer who issues infrequently.

- **Liquidity Risk:** The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Liquidity risk is typically reflected in a wide bid-ask spread or large price movements. It is also a risk associated with an investment in private funds.
- **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.
- **Opportunity Cost Risk:** The risk that an investor can forego profits or returns from other investments.
- **Financial Risk:** Excessive borrowing to finance a business's 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.
- **Risks for Investing in Non-Liquid Alternative Investments:**

From time to time, Post Hewins will recommend to certain qualifying clients that a portion of such client's assets be invested in private funds, private fund-of-funds and/or other alternative investments (collectively, "Non-Liquid Alternative Investments"). Non-Liquid Alternative Investments are not suitable for all Post Hewins' clients and are offered only to those qualifying clients for whom Post Hewins believes such an investment is suitable and in line with their overall investment strategy. Non-Liquid Alternative Investments typically are available to only a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), or "qualified client" under the Investment Advisers Act of 1940, or "qualified purchaser" under the Investment Company Act of 1940.

Non-Liquid Alternative Investments present special risks for Post Hewins' clients, including without limitation, limited liquidity, higher fees and expenses, volatile performance, no assurance of investment returns, heightened risk of loss, limited transparency, additional reliance on underlying management of the investment, special tax considerations, subjective valuations, use of leverage and limited regulatory oversight. When a Non-Liquid Alternative Investment invests part or all of its assets in real estate properties, there are additional risks that are unique to real estate investing, including but not limited to: limitations of the appraisal value; the borrower's financial conditions (if the underlying

property has been obtained by a loan), including the risk of foreclosures on the property; neighborhood values; the supply of and demand for properties of like kind; and certain city, state and/or federal regulations. Additionally, real estate investing is also subject to possible loss due to uninsured losses from natural and man-made disasters.

The above list is not exhaustive of all risks relating to an investment in Non-Liquid Alternative Investments. A more comprehensive discussion of the risks associated with a particular Non-Liquid Investment is set forth in that fund's offering documents, which will be provided to each client subscribing to a Non-Liquid Alternative Investment, for review and consideration. It is important that each potential, qualified investor carefully read each offering or private placement memorandum prior to investing.

Different types of investments involve varying degrees of risk, and no client should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies we recommend or undertake) will be profitable or equal to any specific performance levels. All investments represent some level of risk, and an investor should understand that losses can and do occur. Significant losses of invested capital are possible. Moreover, diversification does not protect a portfolio from loss, and it should not be assumed that the broad diversification that is part of our investment strategy is guaranteed to produce profitable results. Individual funds that comprise clients' portfolios may employ different strategies with different associated risks.

If a client's account has a margin feature, we, from time to time, use margin for the limited purposes of either raising cash for an immediate disbursement or to facilitate investment changes so that the client remains invested in the market. Occasionally, the client also makes use of the margin feature if more funds are withdrawn than there is cash available. The custodian charges interest on the margined amount at a varying rate, based upon the amount borrowed. The margin feature is generally not available unless the margined securities have been held in the account for at least 30 days.

#### **Item 9: DISCIPLINARY INFORMATION**

We have not been the subject of any disciplinary actions.

#### **Item 10: OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS**

We are an investment advisor that has applied for registration with the United States Securities and Exchange Commission ("the SEC").

Neither we, nor our representatives, are registered or have applications pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor or as representatives of the foregoing.

## **Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

As a fiduciary to its clients, Post Hewins has an ongoing responsibility to ensure that clients' interests always come first. In doing so Post Hewins must avoid actual and potential conflicts of interest with its clients. To comply with these duties and responsibilities, Post Hewins has adopted a Code of Ethics which serves to establish a standard of business conduct for all of our employees and is based upon fundamental principles of openness, integrity, honesty and trust. A copy of our Code of Ethics is available at no cost upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material, nonpublic information by Post Hewins or its employees. These policies are addressed in a formally adopted Insider Trading Policy, which is incorporated in the Code of Ethics.

Although our primary investment recommendations are to implement portfolios using mutual funds, we require all principals and employees to disclose personal trading accounts to the firm and preclear all personal trades in reportable securities. Within 10 days of becoming affiliated with Post Hewins, each principal or employee is required to disclose all personal brokerage accounts in which trading takes place or may take place. Prior to buying or selling a reportable security for his/her own benefit, each affiliated person is required to preclear the trade. The Chief Compliance Officer, in collaboration with the Director of Operations or a designee, reviews all preclearance requests for compliance with our Code of Ethics. Affiliated persons who violate the Code of Ethics are subject to disciplinary action up to termination of employment.

## **Item 12: BROKERAGE PRACTICES**

### **A. THE CUSTODIANS AND BROKERS WE USE**

Post Hewins does not maintain custody of your assets that we manage, although the firm is deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 of this Brochure). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Schwab as qualified custodian. Schwab is a registered broker-dealer and a member of the SIPC. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we can assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described below (see "Your Brokerage and Custody Costs").

### **B. HOW WE SELECT BROKERS AND CUSTODIANS**

We seek to use a custodian and/or broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, 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 the prices;
- Reputation, financial strength and stability;
- Prior service to us and our other clients;
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”); and
- Technology platform.

### **C. YOUR BROKERAGE AND CUSTODY COSTS**

For clients whose accounts are maintained by Schwab, custody services are generally not charged separately, but are compensated by either charging clients a commission on trades that are executed or that are settled into their Schwab account or an asset-based fee on their account. Detailed explanation of these fees and commissions, including the difference between Asset-Based Pricing (“ABP”) and Transaction-Based Pricing (“TBP”), is provided in Item 5 of this Brochure under “Custodial Fees.” Schwab’s TBP (commission) rates and ABP fees applicable to our clients’ accounts were negotiated and are often being renegotiated by Post Hewins to benefit our clients. We have determined that having Schwab execute trades in clients’ accounts is consistent with our duty to seek “best execution” of their trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

### **D. PRODUCTS AND SERVICES AVAILABLE TO POST HEWINS FROM SCHWAB**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business that specializes in serving independent investment advisory firms like Post Hewins. Schwab provides us and our clients with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to 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. The following is a more detailed description of these support services:

**Services that benefit clients.** 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. The Schwab services described in this paragraph generally benefit clients and their accounts.

**Services that do not directly benefit clients.** Schwab also offers other products and services that benefit us, but do not directly benefit clients or their accounts. 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 could use this research to service all or many of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also offers software and other technology that provide us with access to client account data (such as duplicate trade confirmations and account statements); facilitate trade execution; provide pricing and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

**Services from Schwab that generally only benefit Post Hewins.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and networking events;
- Consulting on technology, compliance, legal and business needs;
- Publications and conferences on practice management and business succession; and
- Access to various consultants and other service providers.

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Sometimes Schwab also discounts or waives its fees for some of these services or pays all or a portion of a third party's fees. From time to time, Schwab provides us with other benefits such as occasional business entertainment of our personnel.

#### **E. OUR INTEREST IN SCHWAB'S SERVICES**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them; we are not required to pay for Schwab services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody; however, when determining what services to offer to us, Schwab takes into consideration the amount of client assets that we custody with them and trading volumes. We have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving their services that benefit our business, rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as a custodian and broker, is in the best interests of our clients. Our selection is primarily supported by the scope, quality and price of Schwab services (see "How We Select Brokers and Custodians") — not just services that only benefit us.

#### **F. DIRECTED BROKERAGE**

If a client requires that account transactions be placed through a specific broker-dealer, the client will negotiate terms and arrangements for their account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers. As a result, the client could pay higher commissions, other transaction costs or greater spreads, or receive less favorable net prices

on transactions for the account than would otherwise be the case.

#### **G. TRADE ERRORS**

If we ever cause a trade error in a client's account, the client will be made whole. If the correction of the trade error caused by us results in a loss, we are responsible for that loss. If the correction of a trade error by us results in a gain, Schwab's policy permits the client to keep the gain. If the client foregoes the gain (e.g., for tax reasons), Schwab will donate the amount of the gain to a charity of their choice.

#### **H. INITIAL PUBLIC OFFERINGS**

We do not purchase or allocate to Initial Public Offerings ("IPOs") of securities, nor do we recommend IPOs to our clients.

### **Item 13: REVIEW OF ACCOUNTS**

For those clients to whom we provide investment advisory services, account reviews are conducted regularly. Ongoing reviews are conducted to watch for variances to allocations, cash inflows and opportunities for tax-loss harvesting. Client performance is reviewed by the IAR on a quarterly basis. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives, account performance and any personal or financial changes with their IAR, on at least an annual basis and any time there is a material change.

We also conduct account reviews upon the occurrence of a triggering event, such as a change in a client's investment objectives and/or their financial situation, market corrections, mutual fund management changes and client requests.

The custodian provides detailed account statements to clients on at least a quarterly basis. These statements include all transactions for the period including details of the investment advisory fees we charge. We also provide a quarterly performance report to each client. The quarterly report contains detailed information on holdings, including current asset allocation percentages and current and historical performance data. Clients are encouraged to compare the quarterly performance reports from Post Hewins with the account statements received from their custodian. Should there be any material discrepancy, the custodian's report should be relied upon. The custodian does not verify the accuracy of our fees prior to deducting them from clients' account(s). If clients have any questions or concerns about the amount they are charged, or any other information on their quarterly report or account statements, they should contact Post Hewins.

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

#### **A. REFERRALS FROM NON-SUPERVISED PERSONS**

From time to time, Post Hewins enters into written solicitor agreements to compensate non-supervised persons for client referrals. All such written agreements are drafted to meet the requirements of Rule 206(4)-3 promulgated under the Investment Advisers Act of 1940, and we are free to terminate these agreements at any time. Generally, compensation under these agreements



is limited to a referral fee, which is based on a percentage of our annual fee collected from the referred client for investment advisory services provided by Post Hewins and is paid to the solicitor for one year in quarterly installments. Referral fees are not charged directly or indirectly to the client. To the extent that applicable state laws require solicitors to be registered as investment advisor representatives, we will require the solicitor to be appropriately registered.

## **1. Schwab Referrals**

We receive client referrals from Schwab through our participation in the Schwab Advisor Network™ (the “Network”), designed to help investors find an independent investment advisor. Schwab is a broker-dealer and custodian and is independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of clients’ portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Network. Our participation in the Network is not predicated on having assets at Schwab, but it does raise potential conflicts of interest nonetheless, as described below.

We pay Schwab: (1) a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab, or (2) a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee we pay is a percentage of the fees paid by the client to us or a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee. We pay Schwab the Participation Fee for so long as the referred client’s account remains in custody at Schwab. The Participation Fee is billed to us quarterly and could be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by us and not by the client. We have agreed not to charge clients referred through the Network fees or costs greater than the fees or costs we charge clients with similar portfolios (pursuant to our standard fee schedule) who were not referred through the Network.

We have no commitment to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Our clients do not pay more for investment transactions effected and/or assets maintained at Schwab because of this arrangement.

Please see Item 5 above for a description of the fees charged by Schwab to the client.

### **a. Conflict of Interest in Schwab Referrals**

We will have to pay Schwab a Non-Schwab Custody Fee if custody of a referred client’s account is not maintained by Schwab, or assets in the account are transferred from Schwab, unless the client was solely responsible for the decision not to maintain custody at Schwab. This Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at Schwab and would be payable by us. The Non-Schwab Custody Fee is higher than the Participation Fees Post Hewins generally would pay in a single year. This means that we are incentivized to recommend that Network-referred client accounts remain held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on assets in accounts of our clients who were referred by Schwab and referred clients’ family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Network to maintain custody of their accounts at Schwab.



If we determine that Network-referred clients would be better served at a custodian other than Schwab, we will adhere to our fiduciary responsibility and place the interests of those clients first.

## Item 15: CUSTODY

We do not take physical custody of our clients' assets.

Per SEC regulations, we are deemed to have custody because, for certain clients, we or an affiliate:

- Act in a capacity of Trustee, Guardian, Power of Attorney, Custodian or similar authority;
- Have entered into an arrangement with the client, per the client's request, in which we are able to withdraw funds from the client's account (including bill-pay services or other withdrawals made pursuant to standing letters of client authorization); and/or
- Have client-authorized access to an account, with the ability to withdraw or transfer funds from the account.

The SEC requires that firms who have custody for the reasons listed above are subject to an annual surprise audit to be conducted by an independent CPA firm which is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). We will comply with the requirements concerning such surprise audits.

We are also deemed to have constructive custody over those client accounts where we are able to deduct our fees directly from the account. As long as we comply with certain regulatory requirements, this constructive custody does not mandate that we undergo a surprise audit for those accounts.

Our clients receive account statements directly from the qualified custodian at least quarterly. We also send clients quarterly reports that we produce using our portfolio accounting system. We strongly urge our clients to compare such reports with the statements received from the qualified custodian. Furthermore, when we calculate our investment management fees and instruct the custodian to remit these fees to us directly from clients' accounts, the custodian does not verify our calculation of fees. We perform quarterly testing to ensure that our fees are charged in accordance with the client's Agreement.

Clients are strongly encouraged to review the amount of our fees deducted from their accounts and compare them with the fee schedule(s) in their Investment Advisory Agreements. We strongly recommend discussing any assumed or suspected discrepancies, or any questions regarding the fees, with our Chief Compliance Officer, who can be reached toll-free at 650-620-3040.

## Item 16: INVESTMENT DISCRETION

### A. DISCRETIONARY AND NONDISCRETIONARY MANAGEMENT

As discussed above in Item 4, our clients receiving standard investment advisory services have a choice to engage us on a discretionary or nondiscretionary basis. In either case, the client will sign an Investment Advisory Agreement which specifies which kind of service we will render. For both types of clients, we are authorized, by the client, to rebalance the client's portfolio and perform tax-loss harvesting without specific client approval. Please see Item 8 for an explanation of rebalancing

and tax-loss harvesting. Retirement Plan Services, provided on an ERISA 3(38) basis, are only offered on a discretionary basis.

For clients who retain us on a discretionary basis, the Investment Advisory Agreement grants us full authority to buy, sell or otherwise effect investment transactions involving the assets in the client's name, including but not limited to the authority to make sub-asset allocation and specific investment adjustments without seeking client approval.

With respect to our nondiscretionary advisory services, we generally maintain ongoing responsibility to make recommendations based upon the needs and objectives of the client. If such recommendations are accepted by the client, we are responsible for arranging or effecting the purchase or sale. For nondiscretionary clients, we do not have the authorization to change either the client's asset allocation or specific investments without prior approval from the client, except for tax-loss harvesting and rebalancing, as described in Item 8 above.

### **1. Nondiscretionary Service Limitations**

Clients that determine to engage us on a nondiscretionary investment advisory basis must be willing to accept that we cannot execute any account transactions without obtaining prior consent to each transaction from the client. Thus, if we desire to make a change during a time when the client is unavailable, we will generally be unable to execute any account transactions (as we would for our discretionary clients). This inability to trade could result in losses to the client that could otherwise have been avoided.

To mitigate the potential consequences of not being able to trade in a timely manner on behalf of a nondiscretionary client, we have incorporated a provision into our Investment Advisory Agreement that expressly provides us with the client's general prior consent to execute transactions on behalf of the nondiscretionary client when, in our professional judgment, waiting for client approval could be detrimental to the client because of market or security-specific dynamics. In these instances, the client's prior consent to effectuate a particular transaction is considered granted when:

- We notify the client of our recommendation in advance of effecting **the** recommended trade; and
- We do not receive an objection to our recommendation within the timeframe established by the notice, or within seven (7) days of the date of the notice if no alternative timeframe is given.

### **Item 17: VOTING CLIENT SECURITIES**

Post Hewins will vote proxies on behalf of those of our clients who request us to do so. Typically, we accept proxy voting responsibilities for securities in those accounts that we manage and maintain discretionary investment authority (in limited circumstances after discussing with the client, we will accept requests to vote in nondiscretionary accounts). We have engaged a nonaffiliated third-party proxy voting service provider ("Proxy Service"). The Proxy Service is charged with identifying the proxies that we need to vote, voting those proxies as we have directed them to and submitting them to the issuer promptly and accurately.

Our policy is to vote proxies in our clients' best interest (i.e., to maximize shareholder value). To that end, we have subscribed to the services of Glass Lewis & Co. ("Glass Lewis") to provide independent proxy research and voting recommendations. Glass Lewis' voting and policy

recommendations are designed to maximize shareholder value. Post Hewins' Investment Committee (the "IC") reviews Glass Lewis' guidelines and practices no less frequently than annually to determine if their policies continue to be in the best interest of our clients. In the rare event that Glass Lewis does not provide a recommendation, the IC will review the proxy and make a voting recommendation that we believe to be in the clients' best interest. Should the IC determine that a proxy will have little, or no, impact on shareholder value, we could refrain from voting. When our IC determines the optimal vote, they will review both the short- and long-term implications of the proposal to be voted on. If the IC determines that we have, or are perceived to have, a material conflict of interest in voting a certain proxy, we could choose to remove ourselves from the voting process for that particular ballot.

Should a client wish to be voting their own proxies, they should notify Post Hewins no later than at the time of opening their account(s) at a qualified custodian. In such a case, the client will be responsible for voting all proxies in the affected account(s). Post Hewins will not accept authorization to vote proxies in any Courtesy (Non-Managed) accounts.

For those of our clients who are qualified retirement plans subject to ERISA, we typically do not accept proxy voting responsibilities, unless such authority has not been delegated to another named fiduciary in the plan's written documents, and our own policies do not preclude us from accepting these responsibilities or providing advice or information about a particular proxy vote to an ERISA client.

#### **1. How to Obtain Information on Post Hewins' Proxy Voting Policy**

Our clients can obtain a copy of our Proxy Voting Policy as well as certain proxy voting records — including information on votes cast on behalf of our clients — by requesting such documents from our Chief Compliance Officer at the address or phone number presented on the title page of this Brochure.

### **Item 18: FINANCIAL INFORMATION**

We do not require prepayment of fees of more than \$1,200 per client six months or more in advance.

We do not believe there are any financial conditions that are likely to impair our ability to meet our contractual commitments relating to our discretionary authority over certain client accounts.

We have not been the subject of a bankruptcy petition.

#### **Any Questions?**

Our Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures, conflicts of interest and other arrangements. You can reach our Chief Compliance Officer at 650-620-3040.