

## Item 1 Cover Page

Prentice Investment Management, LLC  
848 Route 9D  
Garrison, NY 10524

Telephone Number: 845-661-8937

Email Address: [natprentice@mac.com](mailto:natprentice@mac.com)

This brochure provides information about the qualifications and business practices of Prentice Investment Management, LLC a registered investment adviser. If you have any questions about the contents of this brochure, please contact us at 845-661-8937. 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 Prentice Investment Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 293723.

Registration with the SEC does not confer or imply any qualifications, or any level of skill or training for Prentice Investment Management, LLC or its employees.

March 31, 2018

## Item 2 Material Changes

This brochure is our original disclosure document prepared according to the SEC's requirements (the "Brochure").

In the future, this item will be used to provide our clients with a summary of new and/or updated information consistent with the SEC's requirements. You will

SEC's requirements (the "Brochure").

In the future, this item will be used to provide our clients with a summary of new and/or updated information consistent with the SEC's requirements. You will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### **Item 3 Table of Contents**

	<b>Page</b>
Item 1 Cover page	1
Item 2 Material Changes	1
Item 3 Table of Contents	2
Item 4 Advisory Business	3-5
Item 5 Fees and Compensation	5-7
Item 6 Performance-Based Fees and Side-By-Side Management	7
Item 7 Types of Clients	7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	8-11
Item 9 Disciplinary Information	11
Item 10 Other Financial Industry Activities and Affiliations	11-12
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12 Brokerage Practices	13-14
Item 13 Review of Accounts	14
Item 14 Client Referrals and Other Compensation	14
Item 15 Custody	15
Item 16 Investment Discretion	15
Item 17 Voting Client Securities	15
Item 18 Financial Information	15-16

### **Item 4 Advisory Business**

Prentice Investment Management, LLC is a SEC-registered investment adviser with its principal place of business located in Garrison, New York. Prentice Investment Management, LLC began conducting business in 2018.

Prentice Investment Management, LLC is privately owned. It does not solicit or accept investment

place of business located in Garrison, New York. Prentice Investment Management, LLC began conducting business in 2018.

Prentice Investment Management, LLC is privately owned. It does not solicit or accept investment advisory relationships from the public. It offers its services only to clients personally known to its owner Nathaniel Prentice. Mr. Prentice does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products. Prentice Investment Management, LLC advises only with respect to "long-only" investments and only recommends securities which are publicly traded on recognized exchanges. It does not recommend options or other forms of derivative securities.

Listed below is the firm's only shareholder (who controls 100% of the company's ownership).

## **Nathaniel S. Prentice**

Prentice Investment Management, LLC offers the following advisory service to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy statement and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss the client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., capital preservation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by any other investment adviser, broker-dealer or insurance company and will generally include advice regarding the following securities:

- • Exchange-listed securities
- • Corporate debt securities (other than commercial paper)
- • Certificates of deposit
- • Municipal Government securities
- • Mutual fund and ETF/ETN shares
- • United States Government securities
- • Interests in publicly traded partnerships investing in real estate, energy and timber

Mutual funds are generally only recommended by the company in order to provide exposure to specialized asset classes in certain portfolios.

Because some types of investments involve additional risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Once the client's portfolio has been established, we review the portfolio periodically, but not less than quarterly, and if necessary, rebalance the portfolio based on the client's individual needs and objectives.

### **AMOUNT OF MANAGED ASSETS**

As of March 31, 2018, we were actively managing \$25.6 million of clients' assets on a discretionary basis.

### **Other Services**

Prentice Investment Management, LLC offers one additional service to its clients:

One-time or periodic review of the structure and performance of client investment accounts held at other unrelated financial intermediaries (e.g. investment advisers or broker-dealers, etc.) and not at Prentice Investment Management, LLC.

The descriptions set forth in this Brochure of specific advisory services that Prentice Investment Management, LLC offers to clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any

Prentice Investment Management, LLC offers to clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies that we pursue may entail material risks. Clients should be prepared to bear a loss of some or all of their capital. There can be no assurance that the investment objectives of any client will be achieved.

## **Item 5 Fees and Compensation**

### **INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Individual Portfolio Management are based upon a percentage of assets under management and generally range from .5% to 1.0% per annum.

The annualized fee for Individual Portfolio Management is charged quarterly in arrears as a percentage of assets under management at the end of the quarter, according to the following schedule:

#### ***Assets Under Management - Annual Fee***

Fee Schedule:

Accounts less than \$1,000,000

1.00% per annum

Accounts \$1,000,001 to \$5,000,000

0.75% per annum

Accounts over \$5,000,000

0.50% per annum

Accounts over \$10,000,000

Per individual agreement

***Individual Portfolio Management:*** Our fees are charged in arrears shortly after the end of each calendar quarter based upon the market value of the client's account at the end of that quarter. Fees are debited from the account in accordance with the client authorization in the Investment Advisory Agreement. Fees in the first quarter of the Agreement will be prorated from the inception date to the end of the first quarter.

***Limited Negotiability of Advisory Fees:*** Although Prentice Investment Management, LLC has established the above fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client's needs, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reporting requirements, among other factors. The specific annual fee schedule is identified in the Investment Advisory Agreement between the adviser and each client.

### **OTHER SERVICES FEES**

When the client wishes Prentice Investment Management, LLC to evaluate and advise them on the performance of other managers the client may utilize, the charge is set by negotiation and is usually based on the number of managers to be evaluated, the frequency of the evaluation, and the size and complexity of the accounts.

### **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 7 days written notice. Only fees earned, but unpaid since the last billing period will be assessed on terminated accounts or services.

canceled at any time, by either party, for any reason upon receipt of 7 days written notice. Only fees earned, but unpaid since the last billing period will be assessed on terminated accounts or services.

**Mutual Fund Fees:** All fees paid to Prentice Investment Management, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes a sales charge, a client may pay an initial or deferred sales charge. Prentice Investment Management, LLC only purchases "no load" mutual funds and does not participate in any sales charges or distribution fees (12b-1 fees). A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and thereby evaluate the advisory services being provided. Prentice Investment Management, LLC does not offer wrap fee programs.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**ERISA Accounts:** Prentice Investment Management, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Prentice Investment Management, LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

**Advisory Fees in General:** Although Prentice Investment Management, LLC believes its fees to be very competitive by industry standards, clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in advance of any services rendered.

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

Prentice Investment Management, LLC does not charge performance-based fees.

## **Item 7 Types of Clients**

Prentice Investment Management, LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals, including trusts, estates, 401(k) plans and IRAs of individuals and their family members))
- High net worth individuals
- Charitable organizations

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

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets. Clients are clearly advised that any investment strategy involves risk of loss of market value and/or principal.

***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 undervalued (indicating it may be a good time to buy) or overvalued (indicating it may be time to sell). We draw upon several independent research services for this work.

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.

***“Point and Figure” Technical Analysis.*** In this type of technical analysis, we measure the movements of a particular stock or stocks in a sector against the overall market in an attempt to evaluate the potential price movement of the security or sector. A risk of point and figure technical analysis is that potential price movements cannot always be predicted with accuracy.

***Qualitative Analysis.*** We subjectively evaluate non-quantifiable factors such as political risks, quality of management, labor relations, and strength of research and development- factors not readily subject to measurement, and attempt to evaluate the potential impact they may have on the company's share price based on that data.

A risk of using qualitative analysis is that our subjective judgment may prove incorrect.

***Asset Allocation.*** We also identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance, including volatility of portfolio value.

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 securities, fixed income, and cash will change over time due to stock and market movements and, until corrected, may no longer be appropriate for the client's goals. Furthermore, all asset classes may, in times of crisis, move in the same direction, such that the intended benefits of asset class diversification are significantly muted.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. We draw upon several independent research services to assist us in our analysis.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by out of date, inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

In making recommendations, we want our clients to know what securities they own and why they own them. We look for investment opportunities that provide growth at a reasonable price and income as needed.

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) 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.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- • we believe the securities or sector to be currently undervalued relative to its prospects.
- • we want exposure to a particular asset class over time.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage 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.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We engage only in short term purchases of fixed income mutual funds or money market funds to warehouse liquidity pending distribution or portfolio restructuring programs. We engage in no other short-term purchases.

A short-term purchase strategy poses risks of price swing during the holding period; we may then be left with the option of potentially taking a loss or having a long-term investment in a security that was designed to be a short-term purchase.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains/losses.

**Diversification.** Except at the instruction of the client, no individual security (excluding broadly based asset class mutual funds and ETF's) will exceed 5% of the total value of the account relationship on date of purchase, and not greater than 10% of such account valuation thereafter.

Prentice Investment Management, LLC does not recommend or advise upon short sales, margin transactions, options writing or other derivative transactions.

**Risk of Loss.** Securities investments are not guaranteed and clients may lose money on their investments. We ask that clients work with us to help us understand their tolerance for risk.

The value of equity securities can fluctuate considerably over their holding period. In particular, values can fall, and even fall precipitously, when equity markets in general experience periods of "correction" or significant decline, when the industry within which a company operates experiences cyclical, technological, political or competitive threats, when major rating agencies or research firms "downgrade" its performance outlook, when its dividend is cut, or

technological, political or competitive threats, when major rating agencies or research firms "downgrade" its performance outlook, when its dividend is cut, or other such developments occur.

The value of debt securities (bonds, notes, mortgages, etc.) can also fluctuate over their holding period, generally in connection with the rise and fall of broad market interest rate levels. However, significant market valuation declines can occur in periods of dramatically increasing market interest rates (usually accompanying a perceived credit crisis or a severe tightening of monetary policy in the face of inflationary fears). Furthermore, the market valuations of a debt instrument can decline if the perceived credit quality of the issuer is one of continuing deterioration, as may be evidenced by weakening financial ratios or actual or potential downgrade of its debt instruments by one or more of the established credit rating agencies, or by a material event which could threaten the ongoing financial strength and performance of the issuer, such as a significant litigation, a precipitous decline in sales, a targeted regulatory action, etc.

Finally, a borrower (debt issuer) may be unable to make principal and interest payments when due, and the issuer or its creditors may file for bankruptcy. In either case, the holders of such debt may suffer significant losses as a result of the insolvency of the debt issuer.

The foregoing risk factors do not purport to be a complete list or explanation of the risks with respect to the services offered by Prentice Investment Management, LLC or the investments it makes on behalf of its clients. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Prentice Investment Management, LLC.

### **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm has no reportable disciplinary events to disclose.

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

As part of our fiduciary duty as a registered investment adviser, we take the following steps to address any conflicts that might arise:

- we disclose to clients the existence of material conflicts of interest;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- we conduct regular reviews of each client account to verify that recommendations made to a client are suitable to the client's needs and circumstances;
- we require that any employee or directors seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees and directors regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with



Our firm has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. An outline of our Code of Ethics is as follows: 1-Statement of General Policy; 2-Definitions; 3-Standards of Business Conduct; 4-Social Media; 5-Prohibition Against Insider Trading; 6-Personal Securities Transactions; 7-Pre-Clearance; 8-Compliance Procedures; 9-Protecting the Confidentiality of Client Information; 10-Political Contributions; 11-Gifts and Entertainment; 12-Rumor Mongering; 13-Service as an Officer or Director; 14-Anti-Corruption Practices; 15-Whistleblower Policy; 16-Reporting Violations and Sanctions; 17-Records and 18-Acknowledgement.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. They may request a copy by email sent to [natprentice@mac.com](mailto:natprentice@mac.com) or by calling us at 845-661-8937.

Prentice Investment Management, LLC owes a duty of loyalty, fairness and good faith towards our clients, and has an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We have established policies and procedures for implementing our firm's Code of Ethics to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of any material conflicts of interest.

## **Item 12 Brokerage Practices**

Prentice Investment Management, LLC's policy is to utilize the services of institutional brokers who are selected based upon factors including, among other things, price, execution quality and recordkeeping scope and reliability. The company regularly assesses the competitive landscapes of recognized broker-dealers to assure that the costs, recordkeeping and execution quality of its recommended broker-dealer remain appropriate for its clients. Charles Schwab & Co., Inc. ("Schwab") is the company's current prime broker and custodian. Business is not directed to brokers based upon their provision of research or other "soft" services to the company. Clients may direct the company to use other brokers or custodians of their choice and the company may use brokers other than Schwab where there is a distinctive execution advantage (usually in negotiated markets - e.g. fixed income securities).

Schwab provides our firm with their "platform" services (Schwab Adviser Services). The platform services include, among others, brokerage, custodial, administrative support, recordkeeping and related services that are intended to support intermediaries like Prentice Investment Management, LLC in conducting business and in serving the best interests of our clients.

Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions. Schwab's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Schwab may be higher or lower

considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Schwab may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Schwab also makes available to our firm, as a member of its institutional brokerage client base, at no additional charge to us, certain research and brokerage services, including research services obtained by Schwab directly from independent research companies which may be used by our firm to manage accounts for which we have investment discretion.

All fees charged by Schwab to our clients are at its published rate schedule for clients of its institutional brokerage unit. No fee premium is charged by Schwab for any of its services utilized by Prentice Investment Management, LLC. Furthermore, Prentice Investment Management, LLC subscribes to several independent market research services at its own expense.

However, as a result of receiving such services from Schwab for no additional cost, we may have an incentive to continue to use or expand the use of Schwab's services. We examined this potential conflict of interest when we chose to enter into the relationship with Schwab and have determined that the relationship is in the best interests of Prentice Investment Management, LLC's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including, among other things, the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Prentice Investment Management, LLC will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be indirectly used to pay for research that is not used in managing that specific client's account. Prentice Investment Management, LLC and Schwab are not affiliated.

Other than as set out above in respect of Schwab, Prentice Investment Management, LLC has no research or other "soft" dollar relationships with any third party.

We accept no client referrals from any broker-dealer or third party.

We do not recommend, request, or require that clients direct us to execute transactions through a specified broker-dealer. We permit clients to utilize a broker-dealer/custodian other than Schwab, although we discourage it.

### **Item 13 Review of Accounts**

#### **INDIVIDUAL PORTFOLIO MANAGEMENT**

While the underlying securities within an account are continually monitored, the accounts themselves are reviewed formally at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Clients receive monthly statements and confirmations of transaction from Schwab.

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

Prentice Investment Management, LLC's policy is not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

Prentice Investment Management, LLC's policy is not to accept or allow our related persons to accept any form of compensation, including cash, sales

pay related or non-related persons for referring potential clients to our firm. Prentice Investment Management, LLC's policy is not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

### **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the advisory client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for advisory clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

### **Item 16 Investment Discretion**

Clients hire us to provide fully discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- • determine the security to buy or sell; and/or
- • determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

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

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Prentice Investment Management, LLC is responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

### **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts or is deemed to have custody or is required to provide a copy of our firm's balance sheet, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Prentice Investment Management, LLC has no additional financial circumstances to report.

Prentice Investment Management, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.

