

Knuff & Company LLC
Part 2A of Form ADV
The Brochure

39 Glenbrook Drive
Hillsborough, CA 94010

July 2018

This brochure (“Brochure”) provides information about the qualifications and business practices of Knuff & Company LLC (“Knuff & Company”). If you have any questions about the contents of this Brochure, please contact us at (917) 226-6679 or email pennyknuffcfa@gmail.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration as an investment adviser does not imply any particular level of skill or training in the investment advisory business.

Additional information about Knuff & Company is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure is submitted in connection with Knuff & Company's initial application for registration as an investment adviser with the SEC.

Item 3: Table of contents

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

Item 4: Advisory Business***Description of Advisory Business***

Knuff & Company LLC (“Knuff & Company”), a Delaware limited liability company, was formed in July 2018 as an investment firm with a focus on the complex needs of high net worth individuals, couples, families and institutions (each, a “Client” and together, “Clients”). Knuff & Company offers financial planning and discretionary account management services to Clients. Knuff & Company’s principal place of business is in San Mateo, California.

We value the needs and interests of our clients and employees, and endeavour to place them ahead of our own. We believe clients seek and deserve: an advisor/advocate they can trust (not occasionally, but always); objective, independent, and conflict-free advice; tailored long-term wealth management solutions; active engagement in and understanding of the management and stewardship of their wealth and economic well-being; independent critical thinking; accountability; and transparency. We believe our employees seek and deserve a dynamic and rewarding environment that professionally and personally cultivates, challenges, educates, and empowers them.

Services

Knuff & Company offers two broadly classified but essential investment services: Wealth Planning and Portfolio Management. Our Wealth Planning services include financial planning, tax planning, inheritance planning, multi-generational trust and estate planning, charitable/philanthropic planning, and assistance with transition/succession planning for family enterprises. Our Portfolio Management services consist of both discretionary and non-discretionary services. Our discretionary Portfolio Management services include asset allocation, portfolio construction, securities selection, and sustainable/socially-responsible investing. Our non-discretionary Portfolio Management services include advice on real assets and alternative investments (e.g. pooled investment vehicles such as private equity funds and venture capital funds). In connection with our investment services, we also provide financial reporting.

Penny Knuff

The sole owner of the business is Heather B. (“Penny”) Knuff. Penny Knuff is Knuff & Company’s Managing Partner and chief investment officer. Penny has dedicated her entire career (30 years, so far) to the profession of wealth management — a passion kindled and nurtured by her late grandfather who helped transition the family out of the Brooklyn brewery business during the onset of Prohibition into New York City real estate, and eventually into securities investments in the 1940s, which he actively managed on behalf of the family until his death in 2003.

Starting as an administrative assistant at the Boston Safe Deposit & Trust Company (“The Boston Company”) in 1989, Penny was promoted to the role of Assistant Vice President and Junior Portfolio Manager within three years and mentored by Senior Portfolio Manager Raymond Beaton, one of the first people to receive the Chartered Financial Analyst (“CFA”) designation. In 1994, Penny earned her CFA designation. That same year, when the Boston Company was acquired by Mellon Bank, Penny accepted a job as a Vice President and Portfolio Manager at Fiduciary Trust Company International in New York.

While at Fiduciary Trust, Penny was mentored by, and worked alongside, several accomplished and respected investment professionals, including Larry Huntington, Anne

Tatlock, Jim Goodfellow, and the late Jeremy Biggs. In 1996, she was promoted to Senior Vice President and Portfolio Manager, making her the youngest person to hold this title in Fiduciary Trust's history. In 1998, after four years at Fiduciary Trust, Penny relocated to Boston to be closer to her husband, and accepted a position as a Security Analyst and Portfolio Manager at Welch & Forbes, working alongside Arthur Hodges. Although she was appreciative of the opportunity to develop her security analysis skills, within a year, Penny had determined that Welch & Forbes was not a good long-term fit for her. So, in 1999, Penny returned to Fiduciary Trust, having accepted a position as a Senior Vice President and Senior Portfolio Manager.

In 2001, Fiduciary Trust was acquired by Franklin Resources, which resulted in Penny being asked to relocate to northern California to head up a new Fiduciary Trust office that was being established within Franklin Resources' headquarters in San Mateo. In 2009, Penny was promoted to Managing Director and Senior Portfolio Manager, a position she held until she tendered her resignation in June of 2018.

During the 18 years that Penny was the San Mateo office's senior portfolio manager, assets under her management grew from \$200 million (the amount that followed her to California) to \$1.7 billion at the end of 2017. In the process, Penny became Fiduciary Trust's largest manager of assets, highest producer of revenues, and most significant contributor to its profit margin.

After devoting 24 years to Fiduciary Trust, its clients, and fellow employees, Penny realized how much things had changed (and remained the same), both inside and outside of her industry and corporate environment, and determined that she could better serve wealth management clients under a different, more dynamic, family-office-oriented business structure. The result is Knuff & Company LLC.

Given her professional experience, aptitude, integrity, strong sense of fiduciary duty, and passion, as well as her appreciation of and subsequent involvement in the challenges associated with her own family's multi-generational wealth management, Penny is uniquely well informed, credentialed, and suited to helping other families and institutions manage their wealth.

Knuff & Company tailors its services to each Client's individual needs, and will work with Clients' legal, tax, philanthropic and other advisors to design the appropriate financial plans and legal structures necessary to meet the needs of its Clients.

Wrap Fee Programs

Knuff & Company does not participate in wrap fee programs.

Assets Under Management

As of the submission of this application, Knuff & Company has no regulatory assets under management. Some of the services Knuff & Company offers to Clients include non-discretionary investment advice and counseling.

Item 5: Fees and Compensation

Knuff & Company will charge asset-based fees for its services. For a client receiving wealth planning and portfolio management services, Knuff & Company charges an annual fee, assessed quarterly in arrears, based on the total market value of the client account according to the following schedule:

1.00% (100 basis points) on the first \$5 million
0.75% (75 basis points) on the next \$5 million
0.50% (50 basis points) on any amount in excess of \$10 million

In the event Knuff & Company provides such services to multiple related client accounts that it, in its sole discretion, may classify as a “Relationship”, the market values of the multiple related client accounts may be aggregated and prorated to minimize fees for the benefit of the Relationship.

For a client receiving only custody administration services, Knuff & Company does not anticipate charging any fee but, in the event providing such services exceeds 0.05% (5 basis points) of the total market value of the client account, it reserves the right to charge a mutually agreed upon (i.e. negotiated) annual fee, assessed quarterly in arrears, based on the total market value of the client account.

Knuff & Company does not charge or assess any brokerage fees/commissions. Clients are subject to third party fees as described below under “Expenses.”

All fees paid to Knuff & Company will be directly deducted from Client account assets by instruction to the Custodian (defined in Item **Item 15: Custody**).

Expenses

In addition to Knuff & Company’s asset management fees, a Client also bears all expenses incurred in connection with an account’s investment activities. Those expenses reduce Clients’ returns. Expenses may include brokerage fees and commissions; custody fees; trustee fees; retirement plan administration fees (if applicable); transfer taxes; wire transfer and electronic fund fees; accounting fees and expenses; governmental fees; legal and other professional fees; and other reasonable costs related to the management of an account. Regarding alternative investments and/or funds, their managers will charge fees and expenses (which may include performance-based fees) to investors, as disclosed in their respective offering documents. Similarly, for mutual fund and exchange traded fund (“ETF”) investments, Clients may be charged internal management fees, distribution fees and other expenses, which are described in each funds’ prospectus. These fees and expenses are additional to Knuff & Company’s advisory fees, and will reduce a Client account’s returns.

Please also see “**Item 12: Brokerage Practices**” in this Brochure regarding costs and expenses.

Neither Knuff & Company nor any of its supervised persons accepts commissions or other compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

Knuff & Company currently does not charge any performance-based compensation to any Client. Therefore, currently Knuff & Company does not face any conflicts of interest associated with side-by-side management of fixed fee and performance fee based arrangements among clients.

Item 7: Types of Clients

Knuff & Company’s Clients include individuals, couples, families, charities, endowments, foundations and benefit plans. The required minimum initial account balance is two million dollars (\$2,000,000). Knuff & Company may advise additional and different types of clients in the future.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss***Investment Approach and Strategy***

We primarily serve as investment advisor to a Client or Relationship through one or more holistically managed accounts, typically referred to as unified managed accounts (“UMAs”). A UMA is a professionally managed investment account that can include multiple types of investments (e.g. stocks, bonds, mutual funds, exchange-traded funds, alternative investments) within a single account.

We begin our investment process by focusing on goals-driven asset allocation, which seeks to align a Client’s financial needs and aspirations with our three broadly defined asset classes. Our broadly defined asset classes are: (1) cash and equivalent assets; (2) income/preservation assets; and (3) growth/appreciation assets. We work closely with each Client or Relationship to establish an appropriate combination of these asset classes and then create a formal written investment policy statement (“IPS”) for each Client or Relationship that reflects, among other things, its expressed financial needs and aspirations. Each IPS governs our discretion with respect to that Client or Relationship, and is subject to periodic review and amendment by mutual agreement.

We embrace behavioral economics/finance (particularly Prospect Theory)¹ for the simple reason that people are incapable of always behaving rationally or making economically rational decisions. We believe that behavioral finance is relevant with respect to both goals-driven asset allocation and investment/security selection. Goals-driven asset allocation helps to rationalize Client decision-making, which mitigates cognitive biases that can produce bad outcomes. Aligning lifestyle and multi-generational goals with appropriate asset classes can minimize the risks of permanent capital loss and the inability to preserve purchasing power. Regarding investment/security selection, irrational behavior gives rise to frequent and persistent, although often temporary, market dislocations and inefficiencies. While dislocations and inefficiencies can occur in any market, we pay particular attention to certain markets, including mid-cap stocks, corporate events and special situations.

We are value-oriented investors that seek to own exceptional and growing businesses at fair prices. We take a long-term view, often owning investments for several years (ideally we seek investments that we can own indefinitely), and we care about after-tax returns net of all fees. We practice “concentrated diversification” by selecting and following a relatively limited number of individual securities, which, depending upon market conditions and account-specific factors, can range from 15 to 45 securities. In the long run, we believe it is better to actively and carefully select and own a handful of exceptional businesses than it is to

¹ Prospect Theory is a behavioral model (developed by Daniel Kahneman and Amos Tversky in 1979) that shows how individuals make choices between probabilistic alternatives that involve risk and uncertainty (e.g. the percentage likelihood of gains or losses on investments) and the probability of different outcomes is unknown. Prospect theory assumes that losses and gains are valued differently, and thus individuals make decisions based on perceived gains instead of perceived losses. Also known as “loss-aversion” theory, the general concept is that if two choices are put before an individual, both equal, with one presented in terms of potential gains and the other in terms of possible losses, the former option will be chosen.

passively and indiscriminately own a broad basket or index of hundreds or thousands of businesses — most of which, by definition, are neither exceptional nor above average.

Typically, we buy and sell securities in predetermined blocks for efficiency of execution and economies of scale, and then, depending on the nature of the transaction (i.e. a buy or a sell), we either allocate securities or remunerate cash, on a prorated basis, to each participating Client account. Whenever possible, we execute trades, or have trades executed on our behalf, using limit orders. Further, whenever appropriate, we may incorporate various strategies into buy/sell decisions, such as dollar-cost averaging, tax-loss harvesting, and tax-efficient rebalancing.

We rely on and intend to use technology to enhance the efficiency of certain services we provide, including investment research, data processing, tax and financial planning, and financial reporting. We believe that an actively engaged, well-informed client is more likely to be a happy and satisfied Client. Technology plays a crucial role in enabling us to educate, advise, inform, and involve our Clients in all aspects of the management of their wealth, including the discretionary services we provide on their behalf.

We invest primarily in individual equities, equity-related securities, and fixed income securities. We may, from time to time, buy or sell stock options to generate income, hedge a long portfolio position, or create an opportunity to initiate or increase our ownership in a business at a fairer price. Depending on a Client's particular portfolio and financial circumstances, we may also invest in mutual funds or exchange-traded funds.

We do not: (a) engage in naked short-selling; (b) speculate with options, futures, or any other derivative instruments; (c) invest in initial public offerings of any kind (including initial coin offerings); or, (d) buy, sell, or hold digital currencies (e.g. Bitcoin, Ether). Except upon a Client's written request, we will not buy, sell, hold, or take physical delivery of listed commodities (e.g. gold, oil, wheat).

Specific investment parameters and restrictions of a Client are set forth in an agreement between Knuff & Company and the Client (the "Investment Advisory Agreement").

Risk of Loss

All investing in securities involves a risk of loss. Clients should be prepared to bear losses on their investments. A Client account may produce gains and losses due to broader changes in the financial markets; however, gains and losses are also based on Knuff & Company's investment acumen and securities selections, and may be impacted by other factors including market volatility, corporate activity, regulatory oversight, trading volume and money flows. The Client has fees and expenses that will reduce returns. Knuff & Company may use a variety of techniques and instruments, and the Client may invest in a wide array of investments, each of which may have diverse associated risks, including geographic risk, counterparty risk, credit risk and liquidity risk.

Some additional general investment risks a Client should be aware of include, but are not limited to, the following:

- **Market Risk:** The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Business Risk:** A particular industry or company within an industry may have an inherent risk. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process that must be completed to generate a profit. The oil-drilling

companies will likely 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.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Political and Legislative Risk:** Companies face a complex set of laws and circumstances in each country and jurisdiction in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of business outside of the United States.
- **Reinvestment Risk:** Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate), which primarily relates to fixed income securities.
- **Concentration of Investments.** Knuff & Company's practice of "concentrated diversification" means selecting and following a relatively limited number of individual securities (i.e. 15 to 45) for a given portfolio. A relatively small number of positions, each representing a relatively large portion of a portfolio, may expose the portfolio to a particular industry or market sector. Losses in one or more large positions, or a downturn in an industry or market sector in which the portfolio is concentrated, could adversely affect performance in a particular period and could have a materially adverse effect on the portfolio's overall financial condition.
- **Equity Risk:** Since the strategies invest in equity and equity-linked securities, there is an inherent risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities may fluctuate drastically 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 may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.
- **Medium Capitalization Stocks.** A portfolio may hold a portion of its assets in the stocks of companies with medium-sized market capitalizations. While Knuff & Company believes they often provide significant potential for appreciation, those stocks, particularly smaller capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of some medium-capitalization stocks may be more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger "blue-chip" companies.
- **Debt Securities.** Convertible debt and other fixed income securities generally pay the investor a fixed, variable or floating rate of interest and, at the maturity of the instrument, must repay the amount borrowed. Some debt securities (e.g., zero coupon bonds) do not pay current interest, but are sold at a discount to their face values. Debt securities have

varying levels of sensitivity to changes in interest rates and varying degrees of credit quality.

- ***Convertible Securities.*** Convertible securities, including convertible bonds, convertible preferred stocks and other fixed income instruments that have conversion features, and preferred stock combine the fixed income characteristics of bonds with some of the potential for capital appreciation of equities, and thus may be subject to greater risk than pure fixed income instruments. Unlike bonds, some preferred stocks and some convertible securities do not have a fixed par value at maturity, and in this respect may be considered riskier than bonds. Convertible debt securities and preferred stocks may depreciate in value if the market value of the underlying equity security declines or if rates of interest increase. In addition, although debt securities are liabilities of a corporation, which the corporation is generally obligated to repay at a specified time, debt securities, particularly convertible debt securities, are often subordinated to the claims of some or all of the other creditors of the corporation.
- ***Interest Rate Risk.*** The value of convertible and other debt securities (and related investments) in the portfolio may fluctuate according to changes in interest rates. When interest rates rise, prices of debt securities generally fall, and when interest rates fall, debt securities generally increase in price. Usually the prices of debt securities that must be repaid over longer time periods fluctuate more than the prices of shorter-term debt securities.
- ***Exchange Traded Funds (“ETFs”) and Index Aggregates.*** ETFs are index funds or trusts that track the performance of a specific basket of securities (“benchmark”) and are listed on an exchange.
 - **Tracking Error.** Although an ETF will generally attempt to replicate exactly the performance of the index, market, industry or sector that it is based on, due to fees, expenses, availability of shares of the underlying portfolio securities of the particular index, market, industry or sector or other matters, it may not be able to do so. As a result, the performance of the particular ETF or aggregate may not equal or track the performance of the underlying index, market, industry or sector. In addition, there may be limitations and/or restrictions on the ability to redeem or transfer shares of a particular ETF, which may affect a portfolio’s ability to avoid or reduce losses or to capture gains.
 - **Index Decline.** ETFs provide diversification across an index and, depending on how broad-based the index is, may provide the benefits of investing in diversified and/or broad-based portfolios. However, a decline in the value of an index, market, industry or sector on which the ETF is based will result in a decline in the value of the ETF.
- ***Private or Alternative Investments.*** Private funds and other alternative investments are illiquid (or relatively illiquid), and there may be no secondary market for their trading. If a portfolio is invested in private/alternative investments, it may have to hold such investments for significant periods before the success or failure of the investment becomes apparent or any gains can be realized. It may take longer for successful investments to realize their potential than for unsuccessful ones to reveal their weaknesses. A client may not be able to exit such a position when desired, which can result in losses.

The risks described above may not be a complete list of risks to which a Client’s account is subject. Before entering into an agreement with Knuff & Company, a Client should

carefully consider: 1) committing to management only those assets that the Client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five (5) years; 2) that volatility from investing in the stock market can occur; and 3) that over time, the Client's assets may fluctuate and at any time be worth more or less than the amount invested.

Even though Knuff & Company's personnel have substantial experience in the management of investment portfolios similar to what the Firm is offering to Clients, their past performance is no guarantee of any Client portfolio's future success.

Item 9: Disciplinary Information

Knuff & Company and its employees have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of the company or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

Neither Knuff & Company nor Penny Knuff is registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer, or any other regulated financial firm. Penny Knuff's spouse is the owner and principal of an investment firm that manages a private fund. Knuff & Company is not affiliated with the private fund manager, and its business is substantially different from that of the private fund manager. Penny Knuff and her spouse do not discuss individual securities or any buy/sell decisions made or contemplated for their respective firms.

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

Knuff & Company has adopted a written Code of Ethics applicable to all personnel. Among other things, the code requires that Knuff & Company and its employees act in the Clients' best interests, abide by all applicable regulations, not engage in insider trading, and restrict personal securities transactions. Knuff & Company's restrictions on personal securities trading apply to all employees employed by Knuff & Company, as well as employees' family members living in the same household.

Clients or prospective clients and investors may obtain a copy of the Code of Ethics by contacting Knuff & Company by telephone at (917) 226-6679 or email at pennyknuffcfa@gmail.com.

Item 12: Brokerage Practices

Our broker and custodian is Charles Schwab & Company, Inc. ("Schwab"), a registered broker-dealer and SIPC member. Schwab also serves as the custodian of Client assets (see **Item 15: Custody**). We require our Clients to enter into an account agreement directly with Schwab in order to use Schwab's brokerage and custody services. Schwab will hold Client assets, and buy and sell securities in Client accounts, as instructed by Knuff & Company. Even though Client accounts are maintained at Schwab, we can use other brokers to execute trades on behalf of Clients.

We selected Schwab as our broker/custodian for the following reasons, among others: reputation, financial strength, quality and breadth of products and services, competitive pricing and execution capabilities, security and stability.

Schwab is primarily compensated in two ways: (1) commissions or other fees on trades that it executes, or that settle, into Client accounts; and (2) interest earned on uninvested cash balances in Client accounts. Certain trades, for many mutual funds and ETFs, may not incur any Schwab commissions or transaction fees. Schwab generally does not charge separately for custody services. For trades executed by a broker-dealer other than Schwab, Schwab charges a flat fee as a “prime broker” (for clearing and settlement of trades) or a “trade away” fee where the securities bought or funds from the securities sold are deposited into a Client’s account. Such fees are in addition to the commissions or other transaction fees the Client pays the executing broker-dealer. Consistent with our duty to seek “best execution” of trades and in order to minimize additional Client trading costs, we have Schwab execute most of our trades on behalf of Clients.

Schwab offers various institutional-level support and administrative services, called Schwab Advisor Services, to us and our Clients free of charge in consideration for using their brokerage platform.

Knuff & Company is independently owned and operated, and is not affiliated with Schwab.

Selection Criteria – Best Execution

Knuff & Company has complete discretion to decide who executes transactions and how much a Client will pay. In selecting executing broker-dealers, our primary objective is to obtain best execution while minimizing overall trading costs. In evaluating whether a broker provides best execution, Knuff & Company considers a range of factors. Although we will use Schwab for executions most of the time, we may “trade away” and select different executing brokers if we find better pricing, value, inventory, or other reasons.

Soft Dollars

Knuff & Company is not required to select the broker that charges the lowest transaction cost, even if that broker can provide execution quality comparable to other brokers. However, Knuff & Company anticipates that it will be able to select low-cost executing brokers such as electronic trading systems (although not in each instance) as it does not intend to select brokers in recognition of the value of various services or products (“soft dollars”) those brokers may provide beyond transaction execution that they provide to a Client.

“Soft dollars” refers to the use of brokerage commissions on Client trades to pay for the soft dollar research or brokerage services received. Soft dollar research and services may include among others, economic and market information, portfolio strategy advice, proxy voting services, industry and company comments, technical data, recommendations, research conferences, general reports, periodical subscription fees, consultations, performance measurement data, on-line pricing, news wire charges, quotation services, computer hardware and software.

Although Knuff & Company does not formally participate in soft dollar arrangements, it may, on occasion, be the recipient of unsolicited research or discounts on software and other services. These discounts are generally offered to all firms who fit a common profile and Knuff & Company is not offered those discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all Clients and the value of these discounts is not considered in the process of selecting securities to purchase for Client accounts. Knuff & Company routinely reviews the amount and nature of the research products and services provided by brokers.

Aggregation Of Trades And Opportunities—Potential Conflicts

Knuff & Company may combine transaction orders on behalf of multiple Clients and allocate the securities or proceeds on an average price basis among the various participants in the transactions. Knuff & Company and/or its associated persons may participate in aggregated orders.

While Knuff & Company believes combining transaction orders should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular Client than if that Client had been the only Client effecting the transaction or had completed its transaction before the other participants. There may be circumstances in which transactions on behalf of Knuff & Company or its associated persons may not, under certain laws and regulations, be combined with those of some of Knuff & Company's other Clients. In those cases, neither Knuff & Company nor any associated person will effect transactions in a security on the same day as Clients until after the Clients' transactions have been executed.

Whenever trades are allocated by a single broker to different accounts, the price paid by each account is the average price of the order. A fixed commission or transaction cost per trade, set and controlled solely by Schwab, is charged by Schwab per Client account. It is Knuff & Company's policy that trades are not allocated in any manner that favors one group of Clients over another over time.

Because Knuff & Company manages more than one Client account, there may be a potential conflict of interest related to the allocation of investment opportunities among all accounts managed by it. Knuff & Company may take action with respect to a Client that may differ from the action taken with respect to another Client, based upon individual Client's objectives and circumstances. It is Knuff & Company's policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all Clients.

Item 13: Review of Accounts***Review of Accounts***

Knuff & Company's portfolio manager, Penny Knuff reviews each Client account on at least a quarterly basis to assure conformity with the investment objectives and guidelines of the Client. In addition, all accounts are reviewed in light of emerging trends and developments.

Reporting

At a minimum, Clients receive annual estimated performance and unaudited account statements from Knuff & Company, as well as quarterly account statements (mailed or emailed) directly from Schwab. Through our online Client portal to Schwab, Clients have unlimited online access to their accounts and reporting, and are able to choose the frequency (daily, weekly, monthly, quarterly, etc.) with which they view and/or receive estimated performance and unaudited account statements.

Item 14: Client Referrals and Other Compensation

Knuff & Company has no client or investor referral agreements in place and does not pay third parties a fee or compensation for the referral of a Client to Knuff & Company. Knuff & Company does not receive any compensation or other economic benefit from any such party.

Item 15: Custody

Each Client's assets are held in the custody of Charles Schwab & Company, Inc. (the "Custodian"), located at 100 Post Street, 4th Floor, San Francisco, CA 94108, an unaffiliated registered broker-dealer and "qualified custodian." Knuff & Company, therefore, has no physical possession of Client assets. Under Rule 206(4)-2 (the "Custody Rule") under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), an investment adviser is also deemed to have "custody" of client funds or securities if it "has any authority to obtain possession of them, in connection with advisory services" it provides to its clients. "Custody" also includes any arrangement under which an investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian, upon the adviser's instruction to the custodian.

Under its Investment Advisory Agreements with its Clients, Knuff & Company's investment discretion is limited to trading authority; it therefore does not have access to or "custody" of Client assets because it lacks the power to dispose of Client funds or securities for any purpose other than authorized trading. However, Knuff & Company is deemed to have limited custody of certain Client funds under the Custody Rule solely due to the fact that it has authority to instruct the Custodian to deduct its investment advisory fees directly from a Client's account.

Knuff & Company employs various safeguards and procedures in accordance with the Custody Rule to balance or effectively eliminate its limited "custodial" powers. Accordingly, all Clients will receive account statements on at least a quarterly basis directly from the Custodian, and the account statements will reflect all client holdings in the account, along with all transactions, additions and withdrawals (including advisory fees) that took place during the statement period. Clients are urged to carefully review all custodial statements and compare them to the account statements and reports that may be provided by Knuff & Company. Each Client's assets are held in a separate brokerage account at the Custodian in the name of Knuff & Company as agent (investment adviser) for the Client. Each Client account holds only Client assets.

Item 16: Investment Discretion

Knuff & Company has full trading discretion over Client accounts, granted through the execution of an agreement between Knuff & Company and the Client (each, an "Investment Advisory Agreement"), subject to any restrictions set forth in an Investment Advisory Agreement.

Item 17: Voting Client Securities***Proxy Voting Policy***

In accordance with its fiduciary duty to Clients and Rule 206(4)-6 of the Investment Advisers Act, Knuff & Company has adopted and implemented written policies and procedures governing the voting of Client securities. Knuff & Company seeks to handle the voting of Client proxies in the best interests of its Clients. Knuff & Company reviews its proxy voting policy annually in order to determine if it is necessary to amend the current policy.

Item 18: Financial Information

Knuff & Company is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients. Knuff & Company has not been the subject of a bankruptcy petition.