

**STACEY BRAUN ASSOCIATES, INC.**

377 Broadway  
New York, NY 10013

(212) 226-7707

[www.staceybraun.com](http://www.staceybraun.com)

**This wrap fee program brochure provides information about the qualifications and business practices of Stacey Braun Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (212) 226-7707 or [info@staceybraun.com](mailto:info@staceybraun.com). 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 Stacey Braun Associates, Inc., also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Wrap Fee Program Brochure**

March 25, 2019

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## **I. Services, Fees and Compensation**

Stacey Braun Associates, Inc. (“Stacey Braun”) provides continuous investment advice and/or discretionary investment management of client assets in accordance with each client’s individual investment objectives, requirements and constraints. We work with clients to create appropriate investment guidelines and objectives based on the client's liquidity needs and risk tolerance. Each portfolio is invested in accordance with its specific investment guidelines and objectives.

Clients who participate in our wrap fee program pay a single, asset-based fee (“wrap fee”). Our wrap fee is negotiable, and may vary depending on the services provided and other factors. Our maximum wrap fee is an annual rate of 1.5% of the market value of an account’s assets under management.

The specific manner in which Stacey Braun charges fees is established in each client’s written agreement with Stacey Braun. One fourth of the annual fee is assessed to each client quarterly. Some clients are billed at the beginning of each quarter for which services are provided and others are billed at the end of such quarter, in accordance with the agreement with each client. No fee is payable until Stacey Braun renders an invoice to the client. Such invoice is accompanied by a computer valuation of the assets upon which the computation of the fee is based.

If authorized by a client, Stacey Braun may bill fees directly to the client’s wrap account, with a copy of the bill going to the client, and such fees would be paid from that account by Charles Schwab & Co., Inc. (“Schwab”), as the wrap account’s custodian. The custodian will send quarterly and/or monthly statements showing all transactions in the account, including fees paid to Stacey Braun, directly to such clients. Stacey Braun will receive either paper or electronic copies of custodians’ statements.

The wrap fee covers our investment management services, as well as the cost of the following brokerage services provided by Schwab:

- custody,
- execution of transactions in equity securities, exchange-traded funds (“ETFs”) and agency transactions in fixed income securities, and
- monthly brokerage account statements.

The wrap fee does not cover the following charges:

- execution of fixed income securities transactions as principal by Schwab (e.g., dealer markups or markdowns),
- execution of any transactions by brokers other than Schwab (e.g., commissions, markups or markdowns),
- certain costs or charges imposed by third parties, such as odd-lot differentials, transaction fees charged on the purchase, sale or transfer of mutual fund shares, American Depositary Receipt fees, exchange fees, and transfer taxes mandated by law,

- fees for certain special services such as periodic distribution fees, electronic fund and wire transfer fees, certificate delivery fees, and reorganization fees, or
- tax liabilities incurred as a result of the investments or transactions in the account.

In addition, mutual funds and ETFs also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Stacey Braun's fees. Stacey Braun does not receive any portion of these commissions, fees, or costs.

Clients generally can purchase shares of mutual funds, money market funds or ETFs directly. Clients whose assets are invested in money market funds, mutual funds or ETFs, where a management fee is assessed as an expense, are in effect paying two advisory fees. Clients pay an investment management fee to Stacey Braun based on the total amount of assets under management, including money market fund, mutual fund and exchange traded fund investments, and in addition, pay a management fee to the money market fund, exchange traded fund or mutual fund investment adviser.

Clients should consider any relevant factors in deciding whether to participate in Stacey Braun's wrap fee program, including the amount of trading that may take place in their accounts, the types of investment instruments that may be held in their accounts, and the strategies that Stacey Braun will use in managing their accounts. Clients may be able to obtain some or all of the types of services available through Stacey Braun's wrap fee program from us or other firms on a separate or combined basis. Depending upon the circumstances, a client who participates in the wrap fee program may end up paying more or less than they would if they purchased the services separately. The potential difference in compensation payable under the wrap fee program versus Stacey Braun's standard fee-plus-commission services may give Stacey Braun a financial incentive to recommend the wrap fee program over its other services. Since we pay for the costs associated with equity transactions to Schwab, we may have an incentive to limit trading in equities in a client's account

Clients may terminate the investment advisory relationship with Stacey Braun at any time upon written notice to Stacey Braun. A pro rata portion of the fee paid by the client will be remitted to the client based on the number of days left in the quarter following receipt of notice of termination by Stacey Braun. Such termination, however will not affect the liabilities or obligations of the parties under the investment advisory agreement arising from transactions initiated prior to the termination, including payment of any outstanding fees, which shall survive any expiration or termination of the agreement. Notwithstanding the above, a client may terminate the investment advisory agreement without penalty within 5 business days after the agreement has been signed by the client and accepted by Stacey Braun.

## **II. Account Requirements and Types of Clients**

All clients participating in the Stacey Braun wrap fee program must sign an agreement with Stacey Braun setting forth the terms under which the services will be provided and open a brokerage account at Schwab, executing any necessary account opening documents. Clients may fund their accounts by transferring cash and/or securities into the account at least equal in value

to the minimum account size of \$250,000. The account minimum may be waived at Stacey Braun's discretion.

If a client transfers securities into the account, Stacey Braun may sell any or all of them if they do not fit the investment objective or strategy for that account. Such sales may result in taxable income to the client, which is the client's sole responsibility. In addition, if mutual fund shares are involved, a sale may result in sales charges, redemption fees, short-term trading fees or other fees imposed by the fund, all of which are the client's responsibility and are not covered by the wrap fee.

Stacey Braun provides investment advice to individuals through the wrap program. These clients typically come to us as a result of previous financial planning services we provided to them, or through referral from other clients. Stacey Braun also advises pension and profit sharing plans, corporations and trusts, welfare, employee stock ownership plans, foundations, annuity, apprenticeship and retraining, education, vacation, severance, unemployment, benefit and operating funds.

### **III. Portfolio Manager Selection and Evaluation**

#### *A. Portfolio Managers*

Stacey Braun is the sponsor and only portfolio manager for the wrap fee program. We do not select other portfolio managers. Client accounts participating in the wrap fee program are managed by the same Stacey Braun investment professionals who provide investment advisory services to our other client accounts. Clients typically are assigned to a portfolio manager or managers who have previously provided the client with financial planning services or to whom the client was referred by another client. Our fees are based on account size, strategy and other relevant factors. Our fees do not vary based on which portfolio manager is chosen to manage an account.

As noted earlier, depending on the circumstances, a client may pay more by participating in the wrap fee program than by using our other discretionary investment management services and paying separately for our management fees and transaction costs. As a result, Stacey Braun may have a conflict of interest when recommending that a client choose one program versus another. We address this conflict by providing clients with this disclosure and discussing their options with them so that the clients can make an informed choice.

Stacey Braun does not calculate the account performance information that we report to wrap program clients. Account performance information is calculated periodically by Advent in accordance with its own standards, which we then transmit to clients.

#### *B. Other Information*

##### *1. Advisory Business*

Stacey Braun is a corporation organized under the laws of New York that has been in the investment management business since 1977. Stacey Braun is wholly owned directly or

indirectly by its employees. Mr. Martin H. Wexler, who serves as President, Treasurer, Secretary and Director, is a principal owner of Stacey Braun.

As of December 31, 2018, Stacey Braun had approximately \$2,826,200,000 in assets under management on a discretionary basis and \$49,000,000 in assets under management on a non-discretionary basis.

## *2. Financial Planning*

In addition to the discretionary investment management services described earlier, Stacey Braun offers financial planning services to individuals, primarily regarding asset allocation, mutual funds, insurance planning, IRA rollovers, retirement planning, debt management, budgeting, basic estate planning and tax preparation services. In most instances, a union or other membership benefits organization (each an “institution”) retains Stacey Braun to provide financial planning services to its members (“participants”). In other instances, institutions contract with Stacey Braun to make Stacey Braun’s financial planning services available for purchase by the institution’s individual members (each a “participant”). From time to time, institutions contract with Stacey Braun to present education seminars to individuals who may or may not be participants or existing clients of Stacey Braun. When Stacey Braun is retained by an institution or an individual participant purchases financial planning services, the participants are given access to Stacey Braun’s proprietary website and e-mail correspondence, educational group seminars as well as a predetermined amount of time per year for personal consultations in person or over the telephone. Participants may separately contract with Stacey Braun to receive, at the participant’s expense, additional financial planning services, such as additional personal consultations and/or a comprehensive written financial plan or summary.

There is no obligation on the participant’s part or Stacey Braun’s part to implement the recommendations given as part of the financial planning services. The participant has the sole authority and responsibility to determine whether, when or how to implement any of the recommendations. The participant may choose, but is not required to implement all or part of the recommendations through an affiliate, Stacey Braun Financial Services, Inc. (“SBFS”), which may provide brokerage services to the participant that are separate and distinct from the financial planning services. If the participant chooses to use the services of SBFS, the participant will receive a separate agreement and disclosure document governing the terms and conditions of any services provided by SBFS.

## *3. Tailored Advice*

Stacey Braun’s managed account services include providing continuous investment advice and/or discretionary investment management of client assets in accordance with each client’s individual investment objectives, requirements and constraints. We work with our clients to help them determine the appropriate investment objectives and strategies for them. Clients may impose reasonable restrictions on the investments we make for their accounts.

## *4. Management of Wrap Fee Accounts*

We manage our wrap fee accounts in a similar manner to our other discretionary accounts. We have the authority to determine the security and the amount of the security that will be bought

and sold, and the price at which the transaction will be effected, without obtaining the client's consent for each trade. We adhere to investment guidelines and limitations established by the clients. We are also subject in various accounts to limitations on the quantity or percentage of securities to be bought or sold in designated accounts.

## *5. Brokerage*

The principal difference in how we manage wrap fee accounts versus our other discretionary accounts is brokerage. It is expected that a large portion of equity trades for our wrap fee accounts will be executed with Schwab, because the transaction costs for such trades are included in the clients' wrap fees. Wrap fee program clients will have to pay additional transaction costs if we execute trades with other brokers. Notwithstanding the additional costs involved, we may execute trades for wrap fee program clients with brokers other than Schwab if we reasonably believe that by doing so, we can obtain a better price or better execution of the trade for the client.

For our other discretionary account clients, we generally have complete discretion to select the broker-dealers with which to execute client transactions. We base our determination as to which broker-dealer to utilize on a particular broker-dealer's full range and quality of services including, without limitation: (1) the broker-dealer's capability of executing trades including efficiency and back office capability; (2) the price, commission (including minimum ticket charges if applicable) and/or mark-up charged by such broker-dealer; (3) the broker-dealer's financial responsibility; (4) the broker-dealer's trading capability including responsiveness, promptness and accuracy based on past experience; (5) the broker-dealer's quality of investment research services (which, as discussed below, benefit all Stacey Braun accounts); (6) the broker-dealer's confidentiality, creditworthiness and reputation; and (7) in some instances, the custodial services provided for clients' securities, as directed by each client. The determinative factor in selecting a particular broker-dealer, after evaluating the factors enumerated above, is not necessarily the lowest possible commission cost, but whether the transaction represents the best qualitative execution for the account.

Stacey Braun's Best Execution Committee meets on a quarterly basis to systematically evaluate the execution performance of all broker-dealers utilized by Stacey Braun in accordance with the Firm's Trade Execution Policy and Procedures. The Best Execution Committee maintains a list of approved broker-dealers. Generally, Stacey Braun personnel must execute trades through the listed broker-dealers, and may only trade through other broker-dealers on an infrequent basis with prior approval.

Before orders are placed with any particular broker or dealer for any equity or fixed income security, Stacey Braun personnel investigate and monitor Bloomberg to determine current market conditions including the bid and asked price of the subject security and the volume for equity securities. As further explained below, Stacey Braun endeavors to execute securities transactions in such a manner that the client's total cost or proceeds in each transaction is most favorable under the circumstances.

With respect to fixed income trades, following the initial procedure discussed above, Stacey Braun personnel then obtain a minimum of two quotes for the subject debt security which

includes commissions (including minimum ticket charges if applicable) and/or mark-ups. The best fixed income security quote, which includes commissions and/or mark-ups, is then compared against the bid and asked prices when the trade was initiated and the current market quote as shown on Bloomberg, and the trade is awarded if market conditions, in Stacey Braun's opinion, warrant.

For fixed income principal trades, Stacey Braun has no set commission/mark-up schedule, nor does Stacey Braun know of any such schedule used by brokers or dealers of fixed income securities. For fixed income agency trades over \$200,000 par value a commission/markup of 1/32nd is added and for trades under \$200,000 par value a ticket charge is added by the broker or dealer. Fixed income trades are executed only after Stacey Braun personnel have followed the procedures set forth above.

Stacey Braun participates in the Schwab Institutional Program, which provides us with access to Schwab's institutional trading and operational services, which are typically not available to Schwab retail investors. The services generally are available at no charge so long as we maintain a minimum amount of client account assets with them. The services that Schwab makes available include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors. Schwab also makes available other products and services that benefit the administration of our accounts. These include software, client account access technology, trade confirmations and account statements, trade execution and aggregated trade order allocation technology, back-office support, recordkeeping, and client reporting. We are not affiliated with Schwab, and our employees are not registered representatives of Schwab and do not receive commissions or other compensation from recommending its services.

## *6. Allocation*

We may not be able to aggregate purchase or sale orders for wrap fee accounts with those of our other discretionary accounts. Stacey Braun often determines that the purchase or sale of a particular security is appropriate for more than one client account. In such cases, Stacey Braun has a fiduciary obligation to treat each client fairly.

Generally when Stacey Braun is purchasing or selling securities for more than one of its advisory clients, Stacey Braun will purchase or sell quantities of the securities that are suitable for the advisory clients for whom the securities are appropriate at that time. Stacey Braun may aggregate these orders to seek best execution. If an aggregated order is partially filled, Stacey Braun will, as a general matter, allocate the shares among all participating advisory clients randomly to fill each client's original order.

Stacey Braun's policy for allocating shares of an IPO distributed to Stacey Braun by the underwriter is to allocate them to the accounts where such security is most appropriate based upon the portfolio's size and structure at that time. Therefore, some accounts may receive more IPOs than others, while other accounts may not receive any. Notwithstanding the immediately preceding sentence, in the event that an IPO is appropriate for several accounts and the shares distributed by an underwriter to Stacey Braun cannot be effectively and realistically allocated to all of Stacey Braun's accounts for which such an investment is appropriate, then, in such event,



Stacey Braun maintains an alphabetical rotation system so that securities obtained in IPOs are allocated to those accounts for which such investments are appropriate on an equitable basis.

These policies are designed so that all advisory clients are treated fairly and receive the best qualitative execution. The allocation of such orders is based on the Portfolio Manager's determination that such securities are appropriate for an account, based on its asset size and structure. However, because of the added cost to our wrap fee accounts of trading with brokers other than Schwab, we may be unable to aggregate orders for our wrap fee accounts with orders for our other discretionary accounts. In cases where we are unable to do so, Stacey Braun will follow procedures that we believe will ensure that each client is treated fairly, consistent with seeking best execution, by alternating the opportunity to trade first between the two types of accounts using a methodology that we believe is fair to the clients.

In sum, Stacey Braun will not aggregate transactions unless it thinks that aggregation is consistent with Stacey Braun's duty to seek best qualitative execution for its clients and is consistent with the terms of Stacey Braun's investment advisory agreement with each client and Stacey Braun's Code of Ethics.

#### *7. Performance-Based Fees and Side-By-Side Management*

Stacey Braun does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### *8. Analysis & Investment Strategies*

Stacey Braun uses fundamental and technical methods for securities analysis. In general, the formulation of investment strategies begins with a projection of the economic outlook and of interest rates. Based upon these projections, broad allocations of asset category objectives (as to equity, debt and cash reserves) are formulated. These objectives are then reviewed in light of the specific requirements and/or constraints of each individual account.

Securities are then selected for purchase or sale in specific accounts. The principal sources of investment information which are utilized are:

- Research and economic reports rendered by brokerage firms;
- Investment service publications;
- Information issued by companies (*i.e.*, annual and quarterly reports, prospectuses, filings with the SEC and press releases);
- Coverage by securities salespeople who highlight the investment opinions of their research departments supplemented by our conversations with security or economic analysts and/or company management;
- Attendance at meetings or seminars or presentations in which company management, economists and industry analysts participate;

- Participation in conference calls originated by the management of companies;
- Information published by companies on their Internet Web Site;
- Review of financial, business and general interest publications; and
- Internally generated research based upon data obtained from computer based services such as Bloomberg, Fiserv/APL, Factset, etc.

The fixed income assets of most accounts under Stacey Braun's management have a range of maturities which is subject to revision based upon changes in the economic outlook and/or circumstances of the particular account and Stacey Braun's projections concerning interest rates. Our fixed income strategy is designed to provide safety of principal, predictable and stable income, and possible capital appreciation. We utilize a "top down" analysis to achieve this strategy, which is predicated on our economic forecasts and interest rate projections. Our team of Portfolio Managers structures a portfolio, using high quality debt instruments (short, intermediate, and long term bonds) while adhering to a portfolio's specific investment guidelines. We determine security selection, buy/sell decisions, duration and yield curve positioning as well as sector weightings based upon our macroeconomic and interest rate projections. We only purchase liquid, high quality securities. We do not invest in derivatives, or high yield bonds. We select corporate fixed income securities after a comprehensive review of a particular issuer's interest coverage ratio, capitalization ratio, and study of balance sheets and research reports.

In our equity strategy, we utilize a "sector neutral" bottom up analysis, which closely aligns our sector weightings to those of a benchmark index. Our performance relative to the benchmark has been achieved through stock selection and analysis. Our equity portfolios consist of a diverse group of stocks selected through fundamental and technical analysis. This analysis focuses on balance sheets, income statements, valuations (price to earnings ratios lower than their peers, price to earnings ratios lower than their respective growth rates), superior management as well as the particular security's ability to meet or exceed revenue and earnings estimates. Securities that are chosen through this analysis are then compared to their peers before purchase. The elimination of sector risk relative to the benchmark is the cornerstone of our strategy to outperform the market while exposing our portfolios to less risk and volatility.

In our balanced strategy, our goal is to maximize the portfolio's total return by allocating assets between stocks, bonds and cash equivalents predicated upon economic, interest rate and financial market projections. This balanced strategy is a combination of our fixed income and equity strategies and is based on an active, flexible discipline that utilizes the expertise and experience of Stacey Braun's portfolio managers.

Stacey Braun's review for initial public offerings ("IPOs") begins with the fundamental analysis of the subject company's financial statements contained in the preliminary prospectus. This procedure encompasses an income statement analysis, balance sheet analysis, and a stock market valuation (*i.e.*, price earnings ratio, ROE, expected earnings growth rate, etc).

Stacey Braun does not engage in short sales, margin transactions, option writing and does not utilize spreading strategies. We employ an active, flexible investment approach. Cash equivalents (US Treasury Bills or money markets) can be employed as defensive measures in times of declining markets.

## 9. *Significant Risks*

*Risk of Investment Loss.* Investments in securities generally are subject to the risk of loss. Investments may decline in value for any number of reasons over which Stacey Braun has no control and cannot predict, including changes in the overall market for securities and factors pertaining to particular securities, including changes in interest rates, the market for the issuer's products or services, sources of supply, technological changes within the issuer's industry, the availability of additional capital and labor, general economic conditions, political conditions, and other similar conditions. As a result, a client's assets may at any point in the future be worth less than the original investment amount. Investment risk includes the possible loss of the entire principal amount invested by a client. No guarantee or representation is made that the investment strategies employed by Stacey Braun will be successful.

*Investment in Fixed-Income Securities.* Fixed-income securities, including corporate bonds, are subject to interest rate risk and credit risk. If prevailing interest rates fall, the market value of fixed-income securities that trade on a yield basis tends to rise, and if prevailing interest rates rise, the market value of these fixed-income securities generally will fall. In general, the shorter the maturity of a fixed-income security, the lower the yield but the greater the price stability. A change in the level of interest rates may have an effect on the net asset value and yield of the securities. To the extent a client invests in fixed-income securities with medium or lower credit quality, it is also subject to a higher level of credit risk. Those corporate bonds with a lower credit rating tend to have higher yields than corporate bonds of similar maturity with a better credit rating, but also may have less liquidity and a higher incidence of default. As economic, political and business developments unfold, lower-quality corporate bonds usually exhibit more price fluctuation than do higher-quality bonds of like maturity and the value of client assets will reflect this volatility. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, the client might have to reinvest the proceeds in an investment offering a lower yield and therefore might not benefit from any increase in value as a result of declining interest rates. Adjustable rate instruments also generally react to interest rate changes in a similar manner.

*Credit Risk.* The ability, or perceived ability, of the issuer of a debt security to make scheduled payments of interest and principal on the security will affect the value of the security. It is possible for an issuer to default on its obligations while a client owns the securities of that issuer. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition and does not reflect an assessment of an investment's volatility or liquidity.

*Extension Risk.* During periods of rising interest rates, the average life of certain types of securities may be extended. This may lock in a below-market interest rate, increase the security's duration, and reduce the value of the security. Extension risk may be heightened during periods of adverse economic conditions generally.

*Prepayment Risk.* Certain municipal securities and asset-backed securities may be subject to the risk that principal on loan obligations underlying a security may be repaid prior to the stated maturity date. If a client has purchased a security at a premium, any prepayment reduces the market value of the security and the anticipated yield-to-maturity. Prepayment of loans underlying certain securities tends to accelerate during periods of declining interest rates.

*Risk of Investment in Commingled Vehicles.* If a client invests in a mutual fund, exchange traded fund, or other commingled investment vehicle, it is exposed to the risk that the other vehicle will not perform as expected. The client is exposed to all of the risks applicable to an investment in any such commingled investment vehicle. The client will bear a share of the expenses of the other commingled investment vehicle in addition to the fees paid to Stacey Braun.

*Other Investment Clients.* Stacey Braun provides investment advice to clients that may have substantially similar investment objectives and requirements. As a result, a client may have portfolios consisting of holdings substantially similar to the holdings of other clients, and may periodically receive holdings and other related information relative to and in the regular course of their management arrangement with Stacey Braun. It is possible that any such client could trade ahead of or against other clients, or direct Stacey Braun to effect such trades, based on the information the client receives in connection with its management arrangement with Stacey Braun. In addition, investment advice to any one client may be deemed to create a conflict of interest relative to the other clients to the extent that it is possible that such client could trade against the interests of other clients based on such investment advice. In connection with its business activities, Stacey Braun may acquire material non-public information that may restrict it from purchasing securities or selling securities for its clients, or otherwise using such information for the benefit of its clients or itself.

#### *10. Voting Client Securities*

Stacey Braun does not vote proxies for clients in the wrap program. Wrap program clients will receive all proxy voting materials relating to their account holdings from Schwab in accordance with the client's brokerage account agreement with Schwab. Stacey Braun has adopted written Proxy Voting Policies and Procedures intended to satisfy the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940.

### **IV. Client Information Provided to Portfolio Managers**

Generally, clients are asked to provide Stacey Braun with information such as their income and net worth, investment goals, risk tolerance, liquidity needs, time horizon, investment restrictions and other relevant information. Stacey Braun relies on this information in providing investment advisory services to our clients. We ask our clients to update this information annually, and to let us know of material changes promptly so that we can take the new information into account in our management of their accounts.

### **V. Client Contact with Portfolio Managers**

We do not impose any restrictions on clients' ability to contact or consult with their portfolio managers.

## **VI. Additional Information**

### **A. *Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Stacey Braun or the integrity of Stacey Braun's management. Stacey Braun is not required to make any such disclosures at this time.

### **B. *Other Financial Industry Activities and Affiliations***

Stacey Braun owns 100% of the outstanding stock of SBFS, which is a limited purpose broker-dealer and member of the Financial Industries Regulatory Authority (FINRA). Stacey Braun financial planning participants may elect to contract with SBFS to purchase mutual fund shares or insurance products. SBFS does not effect transactions for other clients of Stacey Braun. One of the principal executive officers of Stacey Braun and the Certified Financial Planners also are officers and/or registered representatives of SBFS. As such, these individuals may effect mutual fund and/or insurance product transactions for financial planning participants for which SBFS receives separate and customary compensation.

During the provision of financial planning services, SBFS may provide brokerage services to participants that are separate and distinct from the financial planning services. The participant may choose, but is not required to implement all or part of Stacey Braun's recommendations through SBFS. The participant will receive a separate agreement and disclosure governing the terms and conditions of any of the services provided by SBFS. Stacey Braun and its related persons may earn fees and receive other benefits when financial planning clients transact with and use the services of SBFS. SBFS may receive payments from certain mutual funds pursuant to a 12b-1 distribution plan or other such plan as compensation for distribution or administrative services that are distributed from the fund's total assets. These arrangements will be disclosed upon request and are described in the applicable fund's prospectus. Stacey Braun has an incentive to recommend mutual funds that pay SBFS separate compensation.

Stacey Braun has adopted policies and procedures that address the conflicts of interest created by its affiliation with SBFS. These policies and procedures require Stacey Braun's personnel to give investment advice that is suitable and appropriate to each particular client and account. Stacey Braun has a duty to act only in the best interest of its clients. This duty generally requires that the interests of clients be placed above the interests of Stacey Braun and Stacey Braun's personnel whenever a conflict may be present.

### **C. *Code of Ethics, Participation in Client Transactions and Personal Trading***

Stacey Braun has adopted a Code of Ethics applicable to each of its officers, employees and directors. The Code of Ethics prohibits Stacey Braun employees from purchasing securities in an IPO or trading in a security during specified black out periods while Stacey Braun is in the process of purchasing or selling such security for any of its clients. The Code of Ethics requires Stacey Braun employees to: (1) disclose all personal holdings annually; (2) report all transactions quarterly; (3) obtain prior approval for participation in a private placement; (4) obtain prior approval for personal securities transactions; and (5) direct their brokers to send

duplicate copies of confirmations and monthly account statements to Stacey Braun. In the event an employee obtains prior approval for the purchase or sale of the employee's security but the trade is subsequently effected during a black out period, the employee will be required to donate to charity the amount, if any, by which the employee's transaction was on superior terms to those of the client transaction. The Code of Ethics also requires Stacey Braun employees to keep confidential information concerning a decision to purchase or sell a security on behalf of clients.

Existing or prospective clients may obtain a copy of Stacey Braun's Code of Ethics upon request.

Stacey Braun also has adopted an Insider Trading Policy that explains insider trading and prohibits Stacey Braun employees from: (1) trading, either in the employee's account or a client account on the basis of material, non-public information; or (2) communicating material non-public information to others in violation of law.

Stacey Braun's Profit Sharing Plan and its officers, employees and directors may buy or sell securities that Stacey Braun buys or sells for its clients. This practice may create conflicts of interest, which are addressed by our Code of Ethics and Insider Trading Policy discussed above.

Stacey Braun recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest. In addition, Stacey Braun may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that a member of Stacey Braun's personnel buys or sells the same securities for his or her own account. These practices may create conflicts of interest, which are addressed by Stacey Braun's policies and procedures. Stacey Braun's policies and procedures require Stacey Braun's personnel to give investment advice that is suitable and appropriate to each particular client and account, and to execute securities transactions for clients in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances.

Stacey Braun has adopted a Best Execution Policy and has established a Best Execution Committee to ensure that Stacey Braun meets its best execution obligations. The Committee's primary responsibility includes maintaining an approved broker-dealer list. The Committee updates this list and Stacey Braun's Best Execution procedures whenever appropriate and when issues arise.

Stacey Braun has adopted policies and procedures for principal transactions and agency transactions to ensure all such trades comply with applicable laws. In addition, Stacey Braun has adopted policies and procedures governing trade allocation and aggregation to ensure Stacey Braun complies with its fiduciary obligations and applicable laws.

#### *D. Review of Accounts*

Detailed asset valuations of each wrap fee account are reviewed daily by at least one of the following individuals: the President, Executive Vice President or Vice President of Stacey Braun or other Portfolio Managers. Each such individual is directed to adhere to the client's investment guidelines, if any, or if not, to follow the interest rate, economic, fixed income and equity strategies in effect at Stacey Braun at that time. With respect to every wrap fee account, while complying with the client's investment guidelines, all of the above individuals follow

Stacey Braun's interest rate forecasts and economic projections as well as its equity and fixed income strategies.

Stacey Braun will furnish written/computerized reports together with complete evaluations of the client's assets to each wrap fee account client on at least a quarterly basis. Such reports usually include a review of the structure of portfolio assets, a detailing of the fixed income securities by maturities, a detailing of the equity holdings at market and cost, a review of purchases and sales and, where appropriate, the investment return for the period.

When requested by a wrap fee account client, one or more of the individuals listed above will attend meetings to review a report and to answer any questions regarding the assets under Stacey Braun's investment management.

*E. Client Referrals and Other Compensation*

Stacey Braun may directly or indirectly pay employees for referring advisory clients to Stacey Braun. Compensation generally will be provided in recognition of successful introductions and will be paid by Stacey Braun and not the advisory client. In accordance with Rule 206(4)-3 under the Advisers Act, a Stacey Braun employee who solicits advisory clients is required to disclose to a prospective client at the time of the solicitation or referral the employee's affiliation with Stacey Braun.

Stacey Braun may compensate third parties for introducing Stacey Braun and its investment advisory and financial planning services to potential clients. These solicitors act as independent contractors and are not affiliated with Stacey Braun. So long as an introduced client remains a client of Stacey Braun, Stacey Braun pays the solicitor a percentage of the investment advisory services fee that Stacey Braun receives from the client and/or a flat amount per referred client. None of Stacey Braun's clients are responsible for paying this compensation, including the introduced client. Stacey Braun intends that any arrangements and referrals will comply with Rule 206(4)-3 under the Advisers Act and any other legal requirements for such arrangements.

Stacey Braun also compensates certain third parties, usually a union or member benefits organization (each an "institution"), for endorsing and promoting Stacey Braun's financial planning services to the institution's members and affiliated groups. The institution may also provide administrative services for the financial planning services delivered to its members. Stacey Braun pays the institution a percentage of the financial planning service fees that Stacey Braun receives from each individual client and/or a flat amount per referred client. Stacey Braun also pays the institution a set fee from the fees it receives from each institution-affiliated group that retains Stacey Braun to provide financial planning services to the members of that group. Stacey Braun intends that these arrangements and referrals will comply with Rule 206(4)-3 under the Advisers Act and any other legal requirements for such arrangements.

In addition, as disclosed under Item III.B.5 above, Stacey Braun participates in Schwab's institutional customer program and Stacey Braun may recommend Schwab to clients for custody and brokerage services. There is no direct link between Stacey Braun's participation in the program and the investment advice we give to our clients, although Stacey Braun receives economic benefits through its participation in the program, such as reports, software, and

institutional trading support, that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services. Some of the products and services made available by Schwab may benefit Stacey Braun but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at Schwab. The benefits received by Stacey Braun or our personnel do not depend on the amount of brokerage transactions directed to Schwab. As part of our fiduciary duties to clients, Stacey Braun endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Stacey Braun or its related persons creates a potential conflict of interest that could indirectly influence Stacey Braun's decision to recommend Schwab for custody and brokerage services.

*F. Financial Information*

Information required by this item is not applicable to Stacey Braun.