

# **Meyer Capital Group**

SEC File Number: 801 – 34212

## **Brochure**

**Dated: July 11, 2019**

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This brochure provides information about the qualifications and business practices of Meyer Capital Group. If you have any questions about the contents of this brochure, please contact us at (856) 985-8400 or [tmeyer@meyercg.com](mailto:tmeyer@meyercg.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 Meyer Capital Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Meyer Capital Group as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## Item 2 Material Changes

This section describes the material changes to this Form ADV Part 2A, Brochure since Meyer Capital Group's (hereinafter referred to as "Meyer Capital Group" or "Registrant") last Annual Amendment filing on March 29, 2018.

There have been no material changes made to this Part 2A Brochure.

**ANY QUESTIONS: Meyer Capital Group's Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions regarding this Part 2A, including such disclosure additions and enhancements.**

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#### **Item 4            Advisory Business**

- A. Financial Architects Inc., doing business as Meyer Capital Group (the “Registrant”), is a corporation formed on January 13, 1988 in the state of New Jersey. The Registrant became registered as an Investment Adviser Firm in May 1989. The Registrant is principally owned by Thomas C. Meyer. Mr. Meyer is the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, pension and profit sharing plans and charitable organizations, etc.) investment advisory services, pension consulting services and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The Registrant provides discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management, generally between 0.75% and 1.00%.

Prior to engaging the Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with the Registrant setting forth the terms and conditions of the engagement.

Registrant provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will allocate or recommend that the client allocate investment assets consistent with their designated investment objectives.

#### **PENSION CONSULTING**

Registrant acts as a pension consultant for various pension plans. Registrant first determines the investment objectives and requirements that are appropriate for each plan and then recommends various prospective investment alternatives for the plan’s review and consideration including, but not limited to, mutual funds, group annuity contracts, and/or separate account managers/programs (for approval by each plan sponsor) that best fulfill the investment objectives within each investment category. The investment management fee charged by separate account managers/programs is separate from, and in addition to, Registrant’s advisory fee as set forth in the fee schedule at Item 5 below.

Prior to engaging the Registrant, the client will generally be required to enter into an *Investment Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, the fee arrangement, and the portion of the fee that is due from the client prior to Registrant commencing services. The Registrant’s fee will be based on a percentage (%) of the assets within the plan.

## **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Registrant may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$1,000 to \$5,000 on a fixed fee basis, and from \$150 to \$200 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. I

f requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

## **MEYER AUTOMATED PORTFOLIO STRATEGY**

When consistent with a client's investment objectives, for clients with investment accounts possessing a market values of at least \$5,000, Registrant may offer portfolio management services through the Meyer Automated Portfolio Strategy ("MAPS"), an automated investment program through which clients are invested in a range of investment strategies the Registrant has constructed and manages, each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client may instruct the Registrant to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co."). The Registrant uses the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate MAPS. The Registrant is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (CS&Co. and its affiliates are sometimes collectively referred to as "Schwab").

The Registrant, and not Schwab, is the client's investment adviser and primary point of contact with respect to MAPS. As between Registrant and Schwab, Registrant is solely responsible, and Schwab is not responsible, for determining the appropriateness of MAPS for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. The Registrant has contracted with SPT to provide Registrant with the Platform, which

consists of technology and related trading and account management services for MAPS. The Platform enables the Registrant to make MAPS available to clients online and includes a system that automates certain key parts of its investment process (the “System”). The System includes an online questionnaire that helps Registrant determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that Registrant will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Registrant then makes the final decision and selects a portfolio based on all the information it has about the client. The System also includes an automated investment engine through which Registrant manages the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

The Registrant charges clients a fee for its services as described below under Item 5. The Registrant’s fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of MAPS. Schwab does receive other revenues in connection with MAPS, which are described below under Item 5.

The Registrant does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at CS&Co. that are not enrolled in MAPS. If The Registrant does not meet this condition, then it must pay SPT an annual licensing fee of 0.10% of the value of its clients’ assets in MAPS. This arrangement presents a conflict of interest, as it provides an incentive for Registrant to recommend that clients maintain their accounts at CS&Co. Notwithstanding, Registrant may generally recommend to its clients that investment management accounts be maintained at CS&Co. based on the considerations discussed in Item 12 below, which mitigates this conflict of interest.

Clients enrolled in MAPS are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs, whereas the Registrant recommends various other types of securities in its other services. MAPS is designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Clients will have access to their accounts and a financial interface online but will also have the opportunity to confer with Registrant with respect to their account.

### **Rebalancing**

The System will rebalance a client’s account periodically by generating instructions to CS&Co. to buy and sell shares of ETFs and depositing or withdrawing funds through the “Sweep Program”, considering the asset allocation for the client’s investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an ETF varies by a set parameter established by Registrant, (ii) Registrant decides to change the ETFs or their percentage allocations for an investment strategy or (iii) Registrant decides to change a client’s investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account. Accounts below \$5,000 may deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

### **Sweep Program**

Each investment strategy involves a cash allocation (“Cash Allocation”) that will be held in a sweep program at Charles Schwab Bank (the “Sweep Program”). The Cash Allocation will be a minimum of 4% of an account’s value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by CS&Co. By enrolling in MAPS, clients consent to having the free credit balances in their brokerage accounts at CS&Co. swept into deposit accounts (“Deposit Accounts”) at Charles Schwab Bank (“Schwab Bank”) through the Sweep Program. Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of MAPS. If the Deposit Account balances exceed the Cash Allocation for a client’s investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of ETF positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with CS&Co., Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

Conflict of Interest: This fee arrangement presents a conflict of interest, as it provides an incentive for the Registrant to recommend that clients with accounts not enrolled in the Schwab Online Program be maintained with *Schwab*. Notwithstanding, the Registrant generally recommends to its clients that investment management accounts be maintained at *Schwab*, which mitigates this conflict of interest. Please refer to Item 12 below with respect to this general recommendation. **The Registrant’s Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, we may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. To the extent requested by a client, Registrant will provide an initial “Needs Assessment” for such services inclusive of its advisory fee as set forth at Item 5 below. In the event that a Client desires additional financial planning and/or any other related or unrelated consulting services, the Registrant remains available to provide such services for an additional fee per the terms and conditions of a separate agreement.

We do not serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as legal or accounting services. Accordingly, we do not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives.

If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

**Other Investment Advisory Services.** Registrant serves as investment adviser to ERISA pension plans. Registrant is compensated for such services by the pension plan's third party administrator. The Registrant's compensation is based on a percentage of the asset based fee that the pension plan pays to the third party administrator. Registrant may receive referrals from Paychex, Inc., other third party administrators, payroll companies, banks or trust companies, for which it does not pay a referral fee.

**Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Therefore, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's consent.

**Retirement Plan Rollovers – No Obligation / Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

**Use of Mutual Funds and Exchange Traded Funds.** While the Registrant may allocate investment assets to mutual funds and exchange traded funds ("ETFs") that are not available directly to the public, the Registrant may also allocate investment assets to publicly-available mutual funds and ETFs that the client could purchase without engaging Registrant as an investment adviser. However, if a client or prospective client determines to purchase publicly-available mutual funds or ETFs without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services with respect to management of the asset. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. Registrant may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of Registrant's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

**Variable Annuity Management.** The Registrant allocates client investment assets on a discretionary basis among the investment sub accounts of no load variable annuity products purchased (potentially through Vanguard, Schwab, or Lincoln Financial) by the

client. The Registrant includes the variable product assets as part of “assets under management” for the purposes of calculating its annual advisory fee.

**Separately Managed Account Programs.** The Registrant may allocate (and/or recommend that the client allocate) a portion of a client’s investment assets among unaffiliated Separately Managed Account programs in accordance with the client’s designated investment objective(s). In such situations, the Separately Managed Account Manager shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending Separately Managed Account programs include the client’s designated investment objective(s) as applied to the Separately Managed Account program: management style, performance, reputation, financial strength, reporting, pricing, and research.

**ByAllAccounts.** In conjunction with the services provided by ByAllAccounts, Inc., the Registrant may also provide periodic comprehensive reporting services, which can incorporate all of the client’s investment assets including those investment assets that are not part of the assets managed by the Registrant (the “Excluded Assets”). The Registrant’s service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because the Registrant does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not the Registrant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. Furthermore, the client and/or their other advisors that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, the Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that the Registrant provide investment management services (whereby the Registrant would have trading authority) with respect to the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between the Registrant and the client.

**Tax Preparation Services.** Registrant’s representative, Patricia Hordis Sperduto, in her individual capacity, may provide tax preparation services to clients of the Registrant. All such services shall be performed by Ms. Sperduto, in her individual professional capacity, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by Ms. Sperduto, referral or otherwise. In the event that any dispute arises between the client and Ms. Sperduto regarding the tax preparation services, the client acknowledges and understands that the Registrant shall not bear any responsibility. No client is under any obligation to engage Ms. Sperduto for tax preparation services.

**Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant’s advisory fee.



**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*, *Financial Planning Agreement* or the *Investment Consulting Agreement*.

**The National Association of Personal Financial Advisors.** Registrant receives referrals from The National Association of Personal Financial Advisors ("NAPFA"). While Registrant pays fees to NAPFA, such fees are not directly related to the number of clients referred to Registrant.

**Fee-Only Network** Registrant receives referrals from Fee-Only Network.com in collaboration with National Association of Personal Financial Advisors ("NAPFA"). While Registrant pays fees to Fee-Only Network.com, such fees are not directly related to the number of clients referred to Registrant. Investors use this free service to find local advisors, learn more about financial advisors and to view documentation for advisors' credentials and business practices.

**DFA Advisor Listing** The Registrant's representatives are approved to provide Dimensional Funds Advisors ("DFA") and therefore eligible to be included on the DFA Advisor Listing. The Registrant does not pay a fee for their DFA Advisor Listing membership, but registered representatives have completed specialized investment education to offer DFA funds. The DFA Advisor Listing allows the public to access local advisors that have completed the requirements of DFA and can offer their mutual funds to interested investors.

**AdvisorStream** is an automated marketing content platform and lead generation system that allows advisors to create an engaging digital experience for their clients and prospects; from newsletters, email, website, and social media. Proprietary technology captures potential lead data every time an advisors' content is shared and opened. The Registrant pays a monthly service fee to participate with this platform.

**FMG Suite**

FMG Suite is an automated marketing content platform and lead generation system that allows advisors to create an engaging digital experience for their clients and prospects; from newsletters, email, website, and social media. Proprietary technology captures potential lead data every time an advisors' content is shared and opened. The Registrant pays a monthly service fee to participate with this platform.

**Investopedia Advisor Insights**

The Registrant participates in the Investopedia Advisor Insights network of financial advisors that field questions for an online community. The information is not meant to be, and should not be construed as advice or used for investment purposes.

### **Finplicity Network**

One or more of Registrant's representatives are approved members of the Finplicity Network on [KentOnMoney.com](http://KentOnMoney.com). The Registrant does not pay a fee for their membership. Finplicity Network allows [KentOnMoney.com](http://KentOnMoney.com) users to access personal finance information and local advisors vetted by Finplicity and Dr. Kent Smetters.

**ABP Active Trader.** In addition to the investment management services provided above, the Registrant may also provide administrative and reporting services for certain clients who have established a separate account at Schwab (the "ABP Account"). Unlike the accounts that the Registrant may manage for the client, in the ABP Account, the client will retain exclusive responsibility for all trading activity and account performance. The Registrant shall not provide any investment implementation, monitoring, review or advisory services with respect to the ABP Account. The terms and conditions for the Registrant's ABP services are set forth in a separate written agreement between the Registrant and the client. **Please Note:** In the event that the ABP Account suffer losses (regardless of amount) or encounters any other problems which are not the direct result of the Registrant's failure to provide its administrative services, the client acknowledges and agrees that the Registrant shall bear no corresponding financial responsibility.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2018, the Registrant had \$779,051,172 in assets under management on a discretionary basis and \$68,115,858 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

The Registrant provides discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between 0.75% and 1.00%) as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
Initial \$2,000,000	1.00%
\$2,000,001 and above	0.75%
Separate Account Managers	0.80%

The Registrant's investment advisory fee is negotiable at Registrant's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the

engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. Certain legacy clients may have accepted different pre-existing service offerings from Registrant and may therefore receive services under different fee schedules than as set forth above. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

The investment management fee charged by separate account managers/programs is separate from, and in addition to, Registrant's advisory fee as set forth in the fee schedule above.

### **PENSION CONSULTING**

Registrant acts as a pension consultant for various pension plans. Prior to engaging the Registrant, the client will generally be required to enter into an *Investment Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, the fee arrangement, and the portion of the fee that is due from the client prior to Registrant commencing services. The Registrant's fee will be based on a percentage (%) of the assets within the plan, and will generally be in accordance with the following schedule:

<u>Plan Assets</u>	<u>Consulting Fee</u>
Initial \$2,000,000	1.00%
\$2,000,001 and above	0.75%
Separate Account Managers	0.80%

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$1,000 to \$5,000 on a fixed fee basis, and from \$150 to \$200 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

### **MEYER AUTOMATED PORTFOLIO STRATEGY (MAPS)**

Should a client choose to engage the Registrant to provide discretionary investment advisory services on a fee-only basis through MAPS, the Registrant's annual fee shall be 0.60% of the market value of the assets placed under the Registrant's management. As described above, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co as part of MAPS. Schwab does receive other revenues in connection with MAPS. Specifically, Schwab Bank® earns interest revenue on the cash in MAPS accounts. Also, Schwab affiliates can earn revenue from the underlying assets in MAPS accounts. This revenue comes from managing Schwab ETFs™ and providing services relating to third-party ETFs that Adviser may select for the portfolios. Finally, Schwab may receive payments from the trading firms and exchanges where ETF trades are routed for execution.

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded. In certain circumstances, fees may be negotiable.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Asset Based Pricing Limitations:** The Registrant may recommend that clients enter into an asset based pricing agreement with the account custodian, generally *Schwab*. Under an asset based pricing arrangement, the amount that clients will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of their account (generally, the greater the market value, the lower the %). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against the client's account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. The Registrant does not receive any portion of the asset based transaction fees payable by client to the account custodian. The Registrant continues to believe that certain clients may benefit from an asset based pricing arrangement. Clients can request at any time to switch from asset based pricing to transactions based pricing. However, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by client to switch to transaction based pricing could prove to be economically disadvantageous.

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant, in its sole discretion, may reduce its investment management fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall, to the extent appropriate, refund the pro-rated portion of any advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, pension and profit sharing plans, business entities, trusts and charitable organizations.

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

- A. The Registrant may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Margin Transactions (use of borrowed assets to purchase financial instruments)

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The

Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies (Long Term Purchases, Short Term Purchases, and Trading) are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend the use of margin, derivatives, and/or options. The use of margin, derivatives, and/or options as part of an investment strategy presents a high level of inherent risk. (*See discussion below*).

- C. Currently, Registrant primarily allocates investment management assets of its client accounts among individual debt and equity securities, various mutual fund classes and exchange traded funds (ETFs), on a discretionary and non-discretionary basis, in accordance with the client's designated investment objective(s).

The Registrant may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation programs (i.e. Model 7, Model 8 and/or models created by the Registrant through the Schwab Intelligent Portfolios) as designated on the Investment Advisory Agreement. Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the

client wants to impose and/or modify any reasonable restrictions on the management of the account;

5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;

6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;

7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain securities;

8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;

9. Separate Account – a separate account is maintained for the client with the Custodian;

10. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

Registrant's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

**Margin.** Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant can be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the conflict of interest whereby the client's decision to employ margin *can* correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

**Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a

security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Registrant shall be with the intent of offsetting/ “hedging” a potential market risk in a client’s portfolio. Please Note: Although the intent of the options-related transactions that may be implemented by Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Registrant, in writing, not to employ any or all such strategies for their accounts.

**Risks Specific to MAPS.** ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. ETFs may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Some ETFs available, including Schwab ETFs™, are less than 10 years old. Accordingly, there is limited data available to use when assessing the investment risk of some of these ETFs. As a result, one or more of the following may occur: (i) poor liquidity in or limited availability of the ETFs, or (ii) lack of market depth causing the ETFs to trade at excessive premiums or discounts.

**Investment Strategy Risks.** There are risks associated with the long-term core strategic holdings for each of the investment strategies. The more aggressive the investment strategy selected, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities.

## **Item 9           Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.



- C. **Other Investment Advisors.** Patricia J. Hordis Sperduto, is an investment advisor representative of the Registrant and the Principal of Hordis Financial Services, an unaffiliated New Jersey registered investment adviser. The Registrant does not actively refer clients to Hordis Financial Services for financial services. Any recommendation by the Registrant that a client engages Hordis Financial Services to provide its financial services presents a conflict of interest. No client is under any obligation to engage the services of either Hordis Financial Services. **The Registrant's Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a

date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* (another broker-dealer/custodian, investment platform and/or mutual fund sponsor) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client can pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. 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 the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from *Schwab* (another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such

institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, discounted and/or gratis software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

#### Products and Services Available to Registrant from Schwab

*Schwab* provides the Registrant and its client with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to *Schwab* retail customers. *Schwab* also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. *Schwab's* support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at *Schwab*. If we have less than \$10 million in client assets at *Schwab*, it may charge us quarterly service fees. Here is a more detailed description of *Schwab's* support services:

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

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

Services that Generally Benefit Only Us. *Schwab* also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and

- access to employee benefits providers, human capital consultants and insurance providers.

In addition to the above, *Schwab* has agreed to reimburse Registrant for expenses associated with Registrant's technological support services when possible.

*Schwab* may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. *Schwab* may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. *Schwab* may also provide us with other benefits such as occasional business entertainment of our personnel.

The availability of services from Schwab benefits Registrant because Registrant does not have to produce or purchase them. Registrant doesn't have to pay for these services, and they are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. There is no corresponding commitment made by the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Accordingly, the recommendation by Registrant or its representatives that a client select Schwab as designated broker-dealer/custodian for their accounts or transfer their account assets from another broker-dealer/custodian to Schwab presents a conflict of interest, because Registrant had and may continue to have the incentive to make such a recommendation based on its interest in receiving the Additional Benefits to benefit its business interests, rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions.

To mitigate this conflict of interest, Registrant will only recommend that a client select Schwab as broker-dealer/custodian if it reasonably believes that the arrangement is in the best interests of its clients based upon the factors discussed throughout this Item 12. **Registrant's Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions that a client or prospective client may have regarding this conflict of interest.**

#### Brokerage Practices Under MAPS

Client accounts enrolled in MAPS are maintained at, and receive the brokerage services of, Schwab, a broker-dealer registered with the SEC and a FINRA/SIPC member. While clients are required to use CS&Co. as custodian/broker to enroll in MAPS, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. The Registrant does not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then Registrant cannot manage the client's account through MAPS. Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in MAPS, including both accounts for Registrant's clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like Registrant. Through Schwab Advisor Services, Schwab provides the Registrant and its clients, both those

enrolled in MAPS and clients not enrolled in MAPS, with access to its institutional brokerage services— trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Registrant manage or administer its clients' accounts, while others help it manage and grow its business. Schwab's support services described below are generally available on an unsolicited basis (Registrant does not have to request them) and at no charge to Registrant. The availability of Schwab's products and services to Registrant is not based on Registrant giving particular investment advice, such as buying particular securities for its clients. Here is a more detailed description of Schwab's support services:

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

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

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

Schwab also offers other services intended to help Registrant manage and further develop Registrant's business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Registrant. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of Registrant's personnel.

The availability of services from Schwab benefits Registrant because Registrant does not have to produce or purchase them. Registrant does not have to pay for these

services, and they are not contingent upon Registrant committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to MAPS, as described above under Item 4, Registrant does not pay SPT fees for the Platform so long as it maintain \$100 Million in client assets in accounts at Schwab that are not enrolled in MAPS. In light of Registrant's arrangements with Schwab, Registrant may have an incentive to recommend that clients maintain their accounts with CS&Co. based on its interest in receiving Schwab's services that benefit its business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This presents a conflict of interest. When making such a recommendation, however, Registrant believes that its recommendation of Schwab as custodian and broker is in the best interests of its clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only Registrant.

#### Additional Benefits; Co-Sponsored Events

Registrant may, from time-to-time, ask or be asked by various mutual fund companies, separate account managers, or Schwab to co-sponsor an event. Co-sponsors typically contribute between \$5,000 and \$10,000 per event and make payment directly to vendors and or the venue. Registrant does not hold or receive any portion of a co-sponsors' contribution payment. Each co-sponsored event is non-recurring and contributions are individually negotiated. The Registrant has no expectation that these Additional Benefits will be offered again; however, the Registrant reserves the right to negotiate for these Additional Benefits in the future. Neither the Registrant nor its clients pay any increased fees to any co-sponsor for these Additional Benefits.

**The Registrant's Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.**

#### 2. Schwab Referrals

Registrant receives client referrals from *Schwab* through Registrant's participation in Schwab Advisor Network™ ("the *Service*"), designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of an unaffiliated with Registrant. Schwab does not supervise Registrant and has no responsibility for Registrant's management of clients' portfolios or Registrant's other advice or services. Registrant pays Schwab fees to receive client referrals through the *Service*. Registrant's participation in the *Service* may raise conflicts of interest described below.

Registrant pays *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Registrant is a percentage of the fees owed by the client to Registrant or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Registrant pays *Schwab* the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Registrant quarterly and may be increased, decreased or waived by *Schwab* from time to time. The Participation Fee is paid by Registrant and not by the client. Registrant has agreed not to charge clients referred through the *Service* fees or costs greater than the fees or costs Registrant charges clients with similar portfolios (pursuant to

Registrant's standard fee schedule as in effect from time to time) who were not referred through the *Service*.

Registrant generally pays *Schwab* a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from *Schwab*, unless the client was solely responsible for the decision not to maintain custody at *Schwab*. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Registrant generally would pay in a single year. Thus, Registrant will have an incentive to recommend that client accounts be held in custody at *Schwab*.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Registrant's clients who were referred by *Schwab* and those referred clients' family members living in the same household. Thus, Registrant will have incentives to encourage household members of clients referred through the *Service* to maintain custody of their accounts and execute transactions at *Schwab* and to instruct *Schwab* to debit Registrant's fees directly from the accounts.

For accounts of Registrant's clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from Registrant's clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through *Schwab* rather than another broker-dealer. Registrant nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* can be executed through a different broker-dealer than trades for Registrant's other clients. Thus, trades for accounts held in custody at *Schwab* can be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

**The Registrant's Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.**

3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing

arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by Thomas C. Meyer and Registrant's representatives. All investment supervisory and financial planning clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues, investment objectives and account performance with the Registrant on an annual basis, as applicable.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts.

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

- A. As referenced in Item 12.A.1 above, the Registrant receives an economic benefit from *Schwab*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

There is no corresponding commitment made by the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.



**The Registrant's Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## **Item 15 Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts.

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

**Relationships Requiring Heightened Compliance:** Although the Registrant does not hold itself out to clients as an entity which may be engaged to perform trustee services, certain of the Registrant's related persons have been engaged, in their individual capacities, as trustees of client trusts. These relationships require the Registrant to undergo, each year, a surprise audit which is conducted by an unaffiliated Certified Public Accountant.

**Custody Situations:** The Registrant engages in other practices and/or services on behalf of its clients that require disclosure at ADV Part 1, Item 9. Some of such practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. In addition, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from the Registrant to transfer client funds or securities to third parties. These arrangements are also disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

## **Item 16            Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17            Voting Client Securities**

Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies (However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Thomas C. Meyer.

## **Item 18            Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Thomas C. Meyer, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**