

T.H. FITZGERALD & CO.



Investment Advisors Since 1982

THE INFORMED INVESTOR STRATEGY

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Reviewed: March 31, 2020

This Brochure provides information about the qualifications and business practices of T.H. Fitzgerald & Co. (the “Firm” or “THF&Co”). If you have any questions about the contents of this Brochure, please contact us at 203-729-1200 or at sdejesus@thfitzgerald.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.

THF&Co is registered with the Securities and Exchange Commission as an Investment Adviser under the Investment Advisers Act of 1940. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide information to enable you to determine whether to hire or retain an Adviser.

This disclosure Brochure describes the qualifications and business practices of THF&Co. It is intended to provide clients and prospective clients with an understanding of the investment advisory services offered and to provide full and fair disclosure of any conflicts or potential conflicts of interest associated with those services.

Additional information about THF&Co also is available on at www.adviserinfo.sec.gov.

Item 2: Material Changes

Investment Advisers are required to prepare a disclosure document (“Brochure”) that describes the firm and its business practices. Pursuant to SEC rules, we are required to update our Brochure at least annually and provide you with a summary of any material changes since the previous annual amendment.

We have prepared this updated Brochure, dated March 31, 2020. We have made substantial aesthetic and formatting changes, as well as revised the way we present the information required in this Brochure. Substantive changes made since our last Brochure dated March 27, 2018 are summarized below:

- Item 5 – additional disclosure regarding internal expenses associated with mutual funds and exchange-traded funds is included
- Item 5 – provide information regarding how a client may obtain a refund of pre-paid fees in the event of termination of an advisory contract
- Item 12 – enhanced language describing brokerage practices
- Item 14 – disclosure of third party marketing arrangement
- Item 17 – providing a summary of proxy voting procedures
- Item 2 - to reflect name change: From: Kathleen S. Doback to: Kathleen S. Montgomery (8-18-2016)
- Item 2 – to reflect Chief Compliance Officer change: From: Kathleen S. Montgomery to: Sheila DeJesus (3-27-2018)

With this summary, we hereby offer to deliver a complete copy of our Investment Adviser Brochure upon your request at any time during the year. You may request our Brochure at any time by contacting Sheila DeJesus, Chief Compliance Officer, at 203-729-1200 or sdejesus@thfitzgerald.com.

Additional information about T.H. Fitzgerald & Co LLC is available at www.adviserinfo.sec.gov.

Table of Contents

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

Item 4: Advisory Business

T.H. Fitzgerald & Co. ("THF&Co" or "the Firm") is an independently owned investment advisory firm founded in New York in 1959. It is 100% owned by Thomas H. Fitzgerald, Jr. The Firm has been registered with the Securities and Exchange Commission since 1982.

The main office is located in Naugatuck, Connecticut. A second office, used primarily for client meetings, is maintained in New York City.

THF&Co provides discretionary portfolio management services to institutional clients with a focus on a multi-cap U.S. equity strategy. While accounts are primarily invested in THF&Co's strategy, clients may impose reasonable restrictions on the management of their portfolio subject to THF&Co's acceptance of those restrictions.

As of December 31, 2019, THF&Co had \$9,812,123 in assets under management. All accounts are managed on a discretionary basis.

Item 5: Fees and Compensation

In exchange for the portfolio management services provided, clients will pay an advisory fee to THF&Co. Clients are invoiced quarterly in advance based on the value of the assets in the account on the last day of the previous quarter. The advisory fee is computed by applying the rate to the value of the assets in the accounts at the end of the previous calendar quarter. Securities listed on any securities exchange shall be valued at the last quoted sale price on the principle exchange in which the security is traded on the valuation date. Securities traded in the over-the-counter market shall be valued at the closing "bid" price as of the valuation date. Any other asset shall be valued in a manner determined in good faith by or as directed by THF&Co to reflect its fair market value.

THF&Co's standard fee schedule is as follows:

<u>Account Value</u>	<u>Annual Fee</u>
First \$25 Million	1.00%
Next \$25 Million	0.75%
Over \$50 Million	0.50%

The advisory fee and any applicable terms and conditions are negotiable depending on certain factors, including, but not limited to, the type and size of the account and the range of services provided. The advisory fee covers only the portfolio management and advisory services provided by THF&Co and does not include brokerage commissions, mark-up and mark-downs, dealer spreads or other costs associated with the purchase and sale of securities, custodian fees, interest, taxes, or other account expenses. All fees paid to THF&Co for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or

exchange-traded funds. The client will be solely responsible, directly or indirectly, for these additional expenses. Refer to Item 12 for a detailed discussion of brokerage practices.

Clients may terminate their portfolio management agreements at any time upon 30 days prior written notice. A pro rata portion of the advisory fee paid in advance will be remitted to the client based on the number of days left in the quarter. Any additional fees due at this time will be invoiced. Termination of an advisory agreement will not affect the liabilities or obligations arising from transactions initiated prior to termination.

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

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Performance based fees are only available to clients who meet the conditions as set for under Rule 205-3(b) of the Investment Advisers Act. Such rule requires that clients meet the definition of “qualified client” as that term is defined under the rule.

Performance based fee arrangements may create an incentive for THF&Co to make investments that are riskier and more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts when allocating investment opportunities among clients. In order to prevent this conflict from influencing THF&Co’s portfolio management decisions, THF&Co allocates investment decisions pro rata across all accounts, subject to any specific client guidelines or restrictions.

Item 7: Types of Clients

THF&Co offers advisory services to corporations, pension plans, governments and municipalities, investment companies, insurance companies and other institutional investors.

The minimum account size is \$10 million. THF&Co may waive the minimum requirement in its sole discretion.

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

THF&Co’s investment management style/philosophy has a 50+ year history known as the *Informed Investor Strategy*. It is best characterized as an equity-based strategy that focuses on companies where senior corporate management or large outside investors are significant common stock owners and/or where the company itself is repurchasing its own shares on the open market.

Security selection involves a multi-step process. A stock is considered for inclusion in the portfolio only if it meets one of the following criteria:

1. The company's Officers and Directors are buying the stock.
2. A major outside investor has filed a 13-D. (Note: A 13-D is required when a person or group acquires more than 5% of any class of company's shares.)
3. A significant percentage of the company's common stock is owned by management and their families.
4. The company has announced its intent to repurchase a stated percentage of its outstanding common stock on the open market.

Once the stock has met one of the above criteria it is then subject to extensive research analysis with emphasis on:

- Growth: Market growth, relative price strength, growth potential, earnings momentum, earnings surprise;
- Value: Price-to-earnings ratio, price-to-book ratio, price-to-cash ratio, price-to-sales ratio;
- Profitability: Operating margins, relative margins, return-on-equity, quality of revenues; and
- Cash Flow: Growth, EBIDTA, margin, debt/cash flow ratio, interest capacity, economic value.

For the above listed analysis the firm uses a wide range of proprietary and internal screening databases that, in the end, lets us know if a stock qualifies to be in the *Informed Investor* portfolio.

Investing in securities come with a risk that clients should be prepared to bear. THF&Co uses its best judgment and good faith efforts in providing advisory services to clients. There is no guarantee that any level of performance will be achieved and accounts may lose value, including the loss of principal. Investments in securities can fluctuate substantially at any given time due to various risk factors, including but not limited to:

- **Market Risk:** Investments are subject to risk, including the possibility of a loss of principal. Fluctuations in the value of an investment may be caused by external factors independent of an investment's particular underlying circumstances.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Inflation Risk:** High inflation may adversely affect future purchasing power.
- **Currency Risk:** Foreign investments are subject to fluctuations in the value of the dollar versus the local currency where the investment is made.

- **Reinvestment Risk:** Reinvestment risk occurs when proceeds from an investment may be reinvested at lower prevailing rates.
- **Business Risk:** Business risks are associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity risk occurs when there is a possibility an investment cannot be readily converted to cash.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

THF&Co uses certain trading strategies, such as stop-loss selling, to protect profits and to minimize losses. As a result, the *Informed Investor Strategy* and the guidelines we have in place can and do involve frequent trading of securities (also known as portfolio turnover). Portfolio turnover can impact investment performance by increased brokerage and other transaction costs, as well as taxes.

At times, all or a significant portion of the *Informed Investor Strategy* may be invested in 3X leveraged exchange-traded funds (ETFs). ETFs track a broad market index or, in some cases, may be structured to perform inversely to the index ("inverse funds"). These Inverse funds are negatively correlated to the market index and will decline in value in a rising market. THF&Co may use inverse funds when the market moves downward for an extended period of time.

Item 9: 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 THF&Co or the integrity of THF&Co's management. THF&Co has no information applicable to this Item.

Item 10: Other Financial Industry Activities and Affiliations

THF&Co is the sub-adviser to the Monteagle Informed Investors Growth Fund. THF&Co is not affiliated with Monteagle and solely acts as in a sub-adviser capacity to the fund.

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

T.H. Fitzgerald & Co. is a Registered Investment Adviser whose business is founded on trust and client confidence. Therefore, all employees of T.H. Fitzgerald & Co. are expected to bear the

responsibility of being honest both professionally and personally. Keeping this in mind, the following policies have been established:

- All employees shall exhibit sound judgment and integrity in the avoidance of conflicts of interest between their own personal agendas or the personal agendas of family and friends, and the best interest of T.H. Fitzgerald & Co.
- Information of confidential nature must be safeguarded and may not be used in making investment decisions or for personal profit or advantage. Employees are prohibited from taking action or failing to take action for personal benefit rather than for a client's benefit, and from using their knowledge of confidential client transactions for personal profit.
- Employees are required to submit certain reports regarding personal investment accounts. Employees must report their personal securities holdings within ten days of becoming an access person and annually thereafter, and are required to report certain securities transactions within 30 days of the end of each calendar quarter.
- Employees may not trade on their own behalf in a security also owned in a client account.
- Employees must first obtain authorization from the Chief Compliance Officer prior to executing any transactions on their own behalf (subject to a de minimus transaction size of 100 shares.) If a personal transaction is pending and the employee learns that the same security is considered for purchase or sale in a client's account, the employee is required to make every effort and take whatever means necessary to immediately cancel their personal order.
- Employees wishing to trade in any IPO or limited offering must first obtain authorization from the Chief Compliance Officer prior to executing such transaction.
- Employees shall not solicit any personal fees, gifts, entertainment or other valuable benefits and may not accept any gifts, entertainment, or other valuable benefits intended to influence business or as compensation for special services.
- Any employee with knowledge of any questionable or possible illegal actions are urged to report such actions promptly to the Compliance Officer or other designated person.

A complete copy of THF&Co's Code of Ethics is available to any client or prospective client upon request.

Item 12: Brokerage Practices

The process to ensure that THF&Co meets its fiduciary obligation with respect to Best Execution includes the evaluation of brokers and an assessment of the overall quality of services they provide. THF&Co selects broker/dealers for client transactions by seeking to obtain the best overall execution for the transaction. Commissions and related transaction costs are an important

factor in this determination, but a number of other judgment factors may also be considered. These factors include, without limitation:

- Nature of the security being traded
- Size of the transaction
- Client-specific needs and circumstances
- Broker's stability, financial standing and business circumstances
- Broker's execution, clearance and settlement capabilities
- Past experience with a particular broker
- Research services available from the broker

Section 28(e) of the Securities Exchange Act permits advisers to use soft dollars, where a portion of client commissions is used to purchase research and brokerage services that assist the adviser in making investment decisions to benefit client accounts. Under the soft dollar arrangements, THF&Co receives both proprietary research created and developed by the brokers as well as third party research. The types of eligible research include, but are not limited to: research reports on companies, industries and sectors; economic and financial data; financial publications; and market data and quotations services. The following list is a sample of vendors THF&Co receives research products from (list is subject to change without notice): Dorsey Wright, Advent Software, and WONDA.

THF&Co executes trades with brokers who provide soft dollar benefits. THF&Co receives proprietary research from brokers including market data, industry and sector data, economic information and specific company analysis. THF&Co may use soft dollars to pay for research and brokerage products, such as pricing, quotation and other market data services provided by third parties. The brokers pay only for the portion of those products that are deemed to be eligible research or brokerage under Section 28(e) of the Securities Exchange Act. THF&Co also receives proprietary research from other brokers where no formal soft dollar arrangement exists. The following brokers provides soft dollar benefits to THF&Co (list subject to change without notice): Themis, William O'Neil

THF&Co recognizes that using client commissions for research products creates a conflict of interest because THF&Co does not have to pay for the products. This may give THF&Co an incentive to use a particular broker/dealer based on their interest in receiving the products rather than the client's interest in receiving the most favorable execution. Clients may pay more than the lowest available commission for executing a transaction in order for THF&Co to receive these benefits. Nonetheless, THF&Co believes the commissions paid by the client are reasonable in relation to the value of the research and brokerage services received from the broker/dealers and/or third-party providers.

While THF&Co intends to use all research products and brokerage services obtained through soft dollar arrangements to benefit all client accounts, the brokerage commissions paid by a client may be used to pay for research that is not used in managing that particular client's account.

THF&Co may choose to, but is not required to, aggregate client purchase and sale orders of securities with those of other clients if, in THF&Co's judgment, such aggregation is reasonably

likely to result in an overall economic benefit to clients participating in the trade. Clients participating in an aggregated order will receive the average price of all transactions executed on a pro rata basis. If an order is partially filled, shares will be allocated pro rata based on the client's initial participation in the transaction. To the extent that the limited availability of a security would result in a de minimis allocation, THF&Co may exclude one or more accounts from participating in the order and/or select an alternative allocation method provided that such method is fair and equitable to all client accounts over time.

Subject to THF&Co's approval, a client may direct the use of a particular broker-dealer to effect securities transactions. In such situations, THF&Co will not be able to negotiate commission rates or obtain volume discounts and thus, may not achieve best execution for those transactions. Transactions subject to client direction generally will not be combined with orders in the same securities for other accounts managed by THF&Co. Therefore, client direction may result in higher commissions and/or less favorable net prices than if THF&Co had the ability to select broker-dealers for execution.

Item 13: Review of Accounts

Client accounts are reviewed daily to determine if any sell triggers have occurred. Client accounts are reviewed weekly by Thomas H. Fitzgerald, Jr. as part of the portfolio management process. Sheila DeJesus, Chief Compliance Officer, reconciles all client accounts, against the custodial bank statements, on a monthly basis.

THF&Co provides clients with a report each quarter showing their quarterly and year-to-date account performance along with market commentary for the quarter. Other reports may be available upon request.

Item 14: Client Referrals and Other Compensation

THF&Co does not have agreements with third-party individuals and/or firms who solicit prospective clients for THF&Co's services

Item 15: Custody of Client Assets

T.H. Fitzgerald & Co. does not have custody of client funds or securities. All client funds and securities are held with a qualified custodian of the client's choosing. Clients will receive account statements directly from the custodian of their account. To the extent that THF&Co provides clients with a report of the holdings and/or transactions in their account, clients should compare the information contained in those reports with the information included in the statement received from the custodian.

Item 16: Investment Discretion

THF&Co manages client portfolios on a discretionary basis. Clients grant THF&Co discretion over their account by providing authorization in the advisory agreement. This authorization gives THF&Co the authority to determine, without first obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, the broker/dealer used for execution of client transaction, and the commission rate paid by the client. When managing client accounts, investment discretion is limited only by specific instructions, guidelines and/or mandates provided by clients in writing and to which THF&Co agrees.

Item 17: Voting Client Securities

The key objectives of these policies and procedures recognize that a company's management is entrusted with the day-to-day operations and longer term strategic planning of the company, subject to the oversight of the company's board of directors. While "ordinary business matters" are primarily the responsibility of management and should be approved solely by the corporation's board of directors, these objectives also recognize that the company's shareholders must have final say over how management and directors are performing, and how shareholders' rights and ownership interests are handled, especially when matters could have substantial economic implications to the shareholders.

THF&Co will vote proxies in a manner it believes is in the best interests of clients. The exclusive purpose of each voting decision is to maximize the economic value of the client's investment. THF&Co may vote against management on specific issues, which are deemed to impair shareholder rights or value. Guidelines may be developed to cover routine issues such as board of director nominations, shareholder rights, ratification of auditor, social responsibility, etc. Other issues, such as executive compensation, capitalization and corporate reorganizations are considered on a case-by-case basis in light of relevant facts and circumstances. Therefore, we will pay particular attention to the following matters in exercising our proxy voting responsibilities as a fiduciary for our clients:

- *Accountability.* Each company should have effective means in place to hold those entrusted with running a company's business accountable for their actions. Management of a company should be accountable to its board of directors and the board should be accountable to shareholders.
- *Alignment of Management and Shareholder Interests.* Each company should endeavor to align the interests of management and the board of directors with the interests of the company's shareholders. For example, we generally believe that compensation should be designed to reward management for doing a good job of creating value for the shareholders of the company.
- *Transparency.* Promotion of timely disclosure of important information about a company's business operations and financial performance enables investors to evaluate the performance of a company and to make informed decisions about the purchase and sale of a company's securities.

We generally believe that the individual portfolio managers that invest in and track particular companies are the most knowledgeable and best suited to make decisions with regard to proxy votes. Therefore, we rely on those individuals to make the final decisions on how to cast proxy votes. No set of proxy voting guidelines can anticipate all situations that may arise. In special cases, we may seek insight from our managers and analysts on how a particular proxy proposal will impact the financial prospects of a company, and vote accordingly.

In some instances, a proxy vote may present a conflict between the interests of a client, on the one hand, and our interests or the interests of a person affiliated with us, on the other. In such a case, we will abstain from making a voting decision and will forward all of the necessary proxy voting materials to the client to enable the client to cast the votes.

A complete copy of THF&Co's Proxy Voting Policies and Procedures is available to our clients, without charge, upon request, by calling 203-729-1200. A report summarizing each corporate issue and corresponding proxy vote is also available to clients upon request.

Item 18: Financial Information

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. THF&Co has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, and has not been the subject of any bankruptcy proceeding.