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**Part 2A of Form ADV - Firm Brochure**

**Item 1      Cover Page**

**April 15, 2020**

This brochure provides information about the qualifications and business practices of Everhart Financial Group, Inc. doing business as Everhart Advisors. If you have any questions about the contents of this brochure, please contact us at 614-717-9705 or [info@everhartadvisors.com](mailto:info@everhartadvisors.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 Everhart Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Everhart Advisors is a registered investment adviser. Registration does not imply any specific level of skill or training. Clients are encouraged to review this and available supplemental information regarding the qualifications of our firm and our employees.

## Item 2 Material Changes

This section identifies the material changes to this document since our last annual update in March 2019.

At **Item 4.B** we noted that we do not perform “settlor functions” on behalf of retirement plan sponsors and we are not paid for such work. We explained that plan participants may become advisory clients of the firm, and this presents a conflict of interest. We also disclosed that where appropriate we will recommend single premium immediate annuities.

We added **Item 4.C – Miscellaneous** and described our work for cash balance plans, our succession consulting and disclosed that we now offer tax consulting services which presents a potential conflict of interest. We explained that clients who invest in Dimensional Fund Advisors mutual funds may be restricted in the transfer of such funds should they terminate our services. We noted that we rely on information provided by clients and they must update us when circumstances change.

**Item 5** was revised to describe how our fee is calculated and billed for assets held at Charles Schwab & Co., Inc. (“Schwab”) and SEI Private Trust Company (“SEI”). We updated our fee schedule and noted that we may charge a minimum fee. We disclosed that certain clients will pay additional fees and costs to sub-advisors retained by us on their behalf.

At **Item 8** we updated the description of our investment committee to reflect changes in how the committee operates. We also noted that where appropriate we may recommend that older investors remain heavily invested in equities.

**Item 10** was updated to:

- Disclose our sub-advisory agreement with SEI Investments Management Corporation (“SIMC”) which allows some of our clients to participate in model portfolios managed by SIMC or its affiliates, for which our clients will pay SIMC directly;
- Disclose our sub-advisory agreement with Nationwide Securities, LLC which provides for some of our clients to receive advice on and purchase annuities and other insurance products from Nationwide and its affiliates, for which our clients will pay Nationwide directly; and
- Disclose our Business Platform Agreement with SEI Global Services, Inc. which provides for Everhart Advisors to receive an array of consulting and support services.

At **Item 12** we updated our description of SEI’s role as a qualified custodian. We noted that Schwab and SEI charge clients different fees. We revised the description of the compensation and benefits we receive from Schwab and SEI, including the Business Platform Agreement.

At **Item 14** we reinserted the section describing benefits and compensation we receive from product sponsors which was inadvertently omitted from our July 2019 revision.

**Item 17** was revised to simply note that we do not vote proxies for clients. Additional information regarding proxies was deleted as it was no longer accurate in view of our sub-advisory agreement with SIMC.

Revisions were made throughout, including to **Items 5, 10, 12 and 14**, to reflect the fact that Everhart Advisors’ investment advisor representatives resigned as registered representatives of Mid Atlantic Capital Corporation, Inc.

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

**A.** Everhart Financial Group, Inc., doing business as Everhart Advisors, is a corporation located in and formed under the laws of the State of Ohio, and is a registered investment adviser with the Securities and Exchange Commission (“SEC”). Everhart Advisors was founded in 1995 by our principal owner, Scott Everhart. Our main office is at 535 Metro Place South, Suite 100, Dublin, Ohio 43017. We also have an office at 2 Prestige Place, Miamisburg, Ohio 45315.

Each advisory client of Everhart Advisors is assigned one or more investment adviser representative who is appropriately licensed and qualified to provide investment advisory services tailored to each client’s situation. We provide advisory services to retirement benefit plans (e.g. 401(k) plans) as well as wealth management services to individuals and entities.

### **B.1.      Advisory Services for Retirement Plans**

Everhart Advisors’ client in this Item 4.B.1 is an employer that desires to provide its employees with a retirement benefit plan. Everhart Advisors provides consulting services to qualified and nonqualified retirement plan sponsors, including investment advice, fiduciary due diligence services, employee education, asset allocation, vendor research and analysis, and plan design guidance.

#### **Investment Advice for Retirement Plans**

Everhart Advisors provides research and analysis of investment products and fiduciary due diligence services. Our goal is to establish a thorough investment due diligence process that is consistently employed in the selection and ongoing monitoring of investment options and is compliant with applicable fiduciary obligations and the client’s investment policy statement.

Everhart Advisors typically provides plan fiduciaries with a periodic report that scores the investment options in each asset class considering several criteria, including past performance, management and cost. Based on the results of this periodic analysis Everhart Advisors may recommend changes to the investments offered to plan participants.

Everhart Advisors may either draft an investment policy statement for the plan sponsor’s review and consideration or evaluate the existing investment policy statement and provide appropriate recommendations.

#### **Employee Plan and Investment Education**

Everhart Advisors may provide employee enrollment, re-enrollment, and investment education support. Employees who are eligible for and choose to participate in the plan are considered plan participants. The goal of this process is to help plan participants make informed choices about the plan and investment allocation under the investment education guidelines set forth by the U.S. Department of Labor. Education meetings are offered on an annual, semi-annual, quarterly, or as requested basis. These meetings may be held in a group or individual setting and may be conducted on-site or via remote conferencing.

Everhart Advisors will not actively solicit plan participants to become advisory clients (with the exception of senior executives and business owners outside the education process), but we may provide advisory services to plan participants upon request. In that event, the plan participant will enter into an Asset Management Agreement with us and pay us a fee in accordance with that Agreement. Our providing advisory services to plan participants results in a conflict of interest, for example, if we advise a plan

participant to invest monies in another investment vehicle that could be invested in the plan. We are paid more to manage assets outside the plan. We believe this conflict is mitigated by the value to plan sponsors of allowing plan participants to receive the benefit of individually tailored advisory services, which outweighs the marginal benefit to plan sponsors of a larger plan. We further believe it is frequently in the plan participant's best interest to receive individually tailored advisory services.

Plan participants are never obligated to become advisory clients of our firm, and we are not obligated to accept a plan participant as an advisory client.

### **Plan Asset Allocation Models**

Everhart Advisors may create, monitor, adjust, and rebalance asset allocation models ("Models") for use by the plan sponsor as an investment tool provided to plan participants to assist them in making asset allocation decisions for their investment portfolios (i.e. between equity and fixed income). Models are designed to meet different investment objectives based on risk level. The goal is to allow plan participants to meet their investment objectives by allocating their account balances among a range of investment options to construct diversified portfolios that appropriately span the risk/return spectrum.

Plan participants alone bear the risk of investment results from the options and asset allocation they select.

### **Vendor Research and Analysis**

Everhart Advisors may assist plan sponsors with the selection of service providers for their plan based on research and analysis of several potential vendors. The vendor review process typically includes an evaluation of administrative, recordkeeping, compliance, and employee communication services, administrative and investment-related fees, and where appropriate, an investment review that incorporates an analysis similar to the investment due diligence process described above.

### **Newsletter Campaign**

Everhart Advisors' distributes a monthly newsletter to plan sponsor clients which may include plan design and compliance suggestions, as well as updates regarding the retirement plan industry, financial markets and regulatory and legislative developments.

### **Plan Design Guidance**

For clients newly implementing a retirement benefit plan Everhart Advisors offers to advise them on the design and pertinent features of the new plan. For clients with existing plans we offer plan reviews that entail an analysis of several design features which may include eligibility requirements; vesting; forfeitures; employer contribution formulas; entry and re-entry dates; and auto-enrollment and escalation provisions. We will recommend appropriate amendments to benefit the plan sponsor or plan participants. Absent a specific agreement to the contrary, Everhart Advisors does not perform and does not receive compensation for "settlor functions." Any services provided by Everhart Advisors deemed to be "settlor functions" are merely incidental to the services we provide as the designated consulting representative.

### **General Plan Consulting Services**

Everhart Advisors generally assigns a Relationship Manager who is responsible to address ongoing questions, concerns, and issues raised by the plan sponsor. Services typically include plan pricing and contract negotiation between the incumbent provider and the plan sponsor, recommendations of specific

service and product enhancements, facilitation of solutions to service, administrative, and recordkeeping issues, plan compliance assistance and guidance, and ongoing problem solving. Everhart Advisors typically provides a "help email" address, and "1-800" phone consultation assistance for plan participants.

#### **404(c) Checklist**

Everhart Advisors typically provides plan sponsors with a checklist of the latest industry accepted standards for 404(c) compliance and works with the plan sponsor to facilitate completion of the checklist. The plan sponsor is ultimately responsible for addressing and verifying compliance with each item.

#### **Fiduciary Role under ERISA**

When we serve as a consultant to a retirement plan Everhart Advisors is a fiduciary under either Section 3(21)(A)(ii) or Sections 3(38)(A) and (B)(i) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Everhart Advisors is a co-fiduciary with the plan's sponsor. The agreement between Everhart Advisors and the plan sponsor will specify the nature of our fiduciary role. Where Everhart Advisors is a 3(21) fiduciary, the retirement plan sponsor is responsible to select the investment options available under the plan. Where we are a 3(38) fiduciary, we are responsible to select the available investment options.

#### **B.2. Advisory Services for Individuals**

The client in this Item 4.B.2 is an individual or entity seeking investment or wealth management advice. Everhart Advisors advisory services are tailored to individual clients in light of their specific circumstances. Everhart Advisors seeks to understand a client's financial resources, obligations, objectives and risk tolerance through an initial interview process, periodic review meetings and a review of any pertinent documents provided by the client.

We may also provide advice regarding:

- Capital needs; debt and cash flow planning
- Risk management and insurance needs
- Tax planning considerations
- College funding
- Retirement planning
- Business succession planning
- Estate planning considerations
- Special needs (adult dependent needs, education needs, disability needs, etc.)

While our advice is tailored to each client, Everhart Advisors generally adheres to a buy and hold investment strategy as we believe in the underlying strength and long-term viability of the market economy. Volatility is inherent in the market system, but we believe it is counterproductive to chase short-term performance. Therefore, we do not try to time or outsmart the market. We invest prudently and encourage discipline. We generally prefer low expenses, stability, and appropriate diversification considering the client's risk tolerance and time horizon. Everhart Advisors creates model portfolios which are recommended in appropriate cases, depending upon a client's specific circumstances. Our model portfolios are not tailored to individual clients.

Recommended investments may include mutual funds, exchange traded funds (ETFs), indexed funds, individual stocks, fixed and variable annuities, single premium immediate annuities and fixed income

vehicles including bonds, and when appropriate, alternative investments such as private investment funds, limited partnerships, limited liability companies, real estate investment trusts (REITs) and private equity transactions. A client's specific circumstances and objectives may compel a deviation from our general philosophy. Clients may place reasonable restrictions on the types of securities purchased by notifying Everhart Advisors in writing.

As part of our services we periodically review client portfolios on an ongoing basis to determine if any changes are necessary. Consistent with our investment philosophy, absent a material change in financial or personal circumstances a client's asset allocation may remain largely unchanged for extended periods of time. We believe our role includes fostering client education and discipline, which facilitates good investing behaviors, which in turn promotes better outcomes. Accordingly, our fees are billed even during periods of account inactivity.

Everhart Advisors devises asset allocation strategies based on information provided by the client. Clients are thus responsible to promptly notify Everhart Advisors of changes to their financial status, objectives or risk tolerance.

## **Client Education**

Everhart Advisors seeks to educate clients about financial markets, our guiding investment philosophy, as well as good investing behavior and discipline. We provide this education via the client on-boarding process, periodic reviews, client newsletters (usually distributed quarterly) and workshops (usually held semi-annually).

## **B. Miscellaneous**

### **1. Cash Balance Plans**

We provide consulting services relating to the creation and administration of cash balance plans. We may advise on plan design, investment allocation, testing and compliance, and vendor selection. Our fee for such services is calculated as a percentage of the value of the assets in the plan as set forth in our written client agreement.

### **2. Tax Consulting Services**

Everhart Advisors provides tax consulting services, including tax return preparation for individuals and entities, tax compliance and transactional advice. Tax consulting services are provided by a certified public accountant employed by Everhart Advisors. Our investment advisor representatives are not tax professionals. Clients who utilize our tax consulting services pay fees separate from and in addition to our investment advisory fees. This presents a potential conflict of interest insofar as we are incented to recommend clients utilize our tax-related services in order to earn additional fees. Clients are never required to utilize such services and are free to retain tax professionals of their own choosing.

### **3. Consultation Agreements with Other Firms**

Everhart Advisors' may enter into agreements with other professionals, including law, accounting or other investment advisory firms to provide consulting services regarding retirement plan clients. Everhart Advisors will be paid a mutually agreeable fee for each consulting engagement, which will be specified in the engagement agreement executed prior to the initiation of any consultation services.

#### **4. Other Services**

In addition to providing investment advice, Everhart Advisors' investment advisor representatives, in their capacity as insurance agents may sell insurance products to clients. Clients are not obligated to buy insurance through Everhart Advisors, but when they choose to do so Everhart Advisors will receive commission compensation in addition to our advisory fees.

Clients may separately engage us to provide advice about business succession planning. Such clients will typically pay an hourly or flat fee for these services.

Some clients may request only limited advice regarding a discreet aspect of their investments or finances. For these clients Everhart Advisors may offer services in a modular format or consulting services limited to those specific areas of concern. Such clients may be charged differently than our typical advisory clients.

#### **5. ERISA and IRA Rollovers**

Clients seeking to rollover ERISA or IRA accounts to new or existing accounts managed by Everhart Advisors should be aware they may lose certain advantages, suffer adverse tax consequences, and/or incur higher costs. These situations present a conflict of interest as the investment advisor representative is incented to recommend a rollover in order to earn a fee on those assets. Everhart Advisors attempts to address this conflict of interest by educating the client regarding the costs and benefits of any rollover, educating our investment advisor representatives on the issue and always making recommendations in the client's best interest. To that end we have a rollover process designed to ensure that i) the client is adequately informed; and ii) the rollover is in their best interest. Clients should be aware they have options and are under no obligation to rollover assets to accounts managed by us. Clients may incur lower costs by leaving the money where it is or rolling it over to accounts not managed by us. Clients are encouraged to understand the potential risks and costs of any rollover and to address any questions or concerns with their investment advisor representative or Everhart Advisor's Chief Compliance Officer.

#### **6. Private Investment Funds**

In appropriate cases Everhart Advisors will provide investment advice regarding private investment funds and other non-publicly traded investments such as REITs, limited partnerships and limited liability companies. On a non-discretionary basis, we may recommend that certain qualified clients consider an investment in a private investment fund. If the client determines to make such investment, it will be considered an "asset under management" and its value included in the calculation of our advisory fee. Our fee will be based on the latest value provided by the fund sponsor. No client is obligated to consider or make an investment in a private investment fund. Only clients who meet certain criteria (which are subject to change at our discretion) are eligible for such investments.

Private investment funds involve various risks, including without limitation, illiquidity, lack of transparency and the complete loss of principal. Clients must carefully review and fully understand the offering documents, which disclose the risks involved, prior to making such an investment.

#### **7. Professional Referrals**

Everhart Advisors may coordinate with other professionals retained by clients, such as accountants, insurance agents and attorneys. Upon request we may refer clients to other professionals. In either case, Clients should be aware that fees incurred with other professionals in connection with this process are not



included as part of the advisory fees charged by Everhart Advisors, and we are not responsible for, nor do we guarantee their advice or work product. Everhart Advisors does not provide legal advice and its investment advisor representatives are not tax professionals.

In some cases, the professionals to whom we refer clients are also clients of the firm. In other instances, the professionals to whom we refer clients may refer clients to us. This presents a conflict of interest insofar as Everhart Advisors has an incentive to make referrals to benefit us rather than the client. We seek to address this conflict by always placing our clients' interest first and referring to professionals we believe are well suited to meet the client's particular need. Clients are not obligated to retain professionals to whom they are referred by us and must conduct their own due diligence to determine whether to hire a particular professional. We do not enter into agreements that obligate us to make or trade referrals.

## **8. Dimensional Fund Advisors Mutual Funds**

Everhart Advisors may recommend, or clients may hold Dimensional Fund Advisors ("DFA") mutual funds. These funds are only available through registered investment advisers approved by DFA. Thus, if a client terminates our services the ability to transfer DFA funds may be restricted.

## **9. Client Information**

In performing our services Everhart Advisors utilizes information provided by clients. We are not required to verify any information received from clients or professionals engaged by clients, and we are expressly authorized to rely on such information. It is our clients' responsibility to promptly notify us of any change in financial condition or investment objectives to allow us to review and revise as needed our recommendations.

## **10. Investment Risk**

Investing in securities involves the risk of loss of the entire principal amount invested and any gains. Any investment strategy recommended by us may lead to a loss. Clients should not invest unless they are able to bear this risk. Different investments involve varying degrees of risk, and it may not be assumed that any specific investment or investment strategy will be profitable or equal any specific (past or projected) performance level. It is impossible to accurately predict which sectors of the market or asset classes will earn more favorable returns for a given period. In addition, investing carries with it opportunity risk. Past performance may not be indicative of future results.

### **D. Termination of Agreement**

Clients who wish to terminate their agreement with Everhart Advisors may do so by notifying us in writing. If services are terminated within 5 business days from the date the agreement is signed, services will be terminated without cost. After the initial 5 business days the client may be responsible to pay fees for the number of days services were provided prior to receipt of the notice of termination. Everhart Advisors may terminate its agreement with a client upon written notice to them. In the event of termination by either party, any prepaid but unearned fees will be reimbursed to the client based on the date of termination.

### **E. Assets Under Management**

As of March 30 2020, Everhart Advisors had approximately \$420,000,000 in discretionary assets under management and approximately \$90,000,000 in nondiscretionary assets under management. These

amounts do not reflect assets under advisement held in retirement plans for which Everhart Advisors is the plan consultant.

## **Item 5**      **Fees and Compensation**

### **A.      Fees for Retirement Plan Services**

Retirement plan sponsor clients are charged an annual fee which may be fixed, calculated as a percentage of the value of plan assets, or some combination of the two. The fee is negotiable and will vary among different clients. Variable fees will range from .01% to 1.5% of plan assets. Factors that may be considered when determining the fee include without limitation the scope of services to be provided, the duration of the contract and the size of the client (number of employees, plan assets, and other demographic factors).

Our fee and how it is to be calculated is specified in our agreement with each client. Clients may be required to pay a portion of the fee up front in the form of a retainer. Everhart Advisors pays a percentage of each client's fee to the investment advisor representatives assigned to the client. There exists a conflict of interest in light of the investment advisor representatives' incentive to negotiate a higher fee.

Previously, fees were typically billed quarterly in advance and calculated based on the fair market value of plan assets as of the last business day of the prior quarter. Newer engagements are billed quarterly in arrears based on the fair market value of plan assets as of the last business day of the quarter. Clients may elect to have the fee deducted from their account or billed directly and due upon receipt of the invoice. Everhart Advisors does not reasonably expect to receive any other compensation, direct or indirect, for services provided to retirement plan sponsors.

Fees paid to Everhart Advisors for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders, or those charged to the plan by other service providers, such as recordkeepers and third-party administrators.

Lower fees for comparable services may be available from other financial services companies.

### **B.      Fees for Wealth Management Services**

Wealth management clients are typically charged an advisory fee calculated as a percentage of the value of the client's assets under management. The fee is negotiable and will vary among different clients. Various factors may be considered when negotiating the fee, and we may at our discretion charge different fees, charge a flat fee or waive our fees entirely depending upon a client's relationship to the firm, related accounts, anticipated future earnings or additional investments, the scope of services to be provided, the complexity of the client's situation and grandfathered fee agreements. Everhart Advisors may charge a minimum fee for smaller account balances. Fees are agreed upon by the client and their investment advisor representative, and thus similarly situated clients may pay different fees.

Our fee, and how it is to be calculated, is specified in the written advisory agreement with each client. Everhart Advisors pays a percentage of each client's fee to the investment advisor representatives assigned to that client. There exists a conflict of interest in light of the investment advisor representatives' incentive to negotiate a higher fee. There exists an additional conflict of interest given the incentive to recommend clients increase the assets under our management. We seek to address this conflict by always making recommendations in our clients' best interest, monitoring client portfolios and

reviewing rollovers of qualified accounts. Clients are encouraged to address any questions they have about our fees to their investment advisor representative or our Chief Compliance Officer.

We recently implemented a simplified tiered fee schedule:

| <b>Assets</b>               | <b>Fee Applied</b> |
|-----------------------------|--------------------|
| \$0 to \$1,000,000          | 1%                 |
| \$1,000,001 to \$10,000,000 | 0.50%              |
| Over \$10,000,000           | 0.25%              |

For example, a client with \$1,750,000 in total assets under management will be billed 1% on the first \$1,000,000, and .50% on the next \$750,000. A client with \$12,000,000 in assets under management is billed 1% on the first \$1,000,000, .50% on the next \$1,000,001 to \$10,000,000, and .25% on the last \$2,000,000.

Accounts held at Charles Schwab & Co. (“Schwab”) are billed quarterly in advance; accounts held at SEI Private Trust Company (“SEI”) are billed monthly in arrears. Our fee is calculated based on the fair market value of the client’s assets under management as of the last business day of the prior billing period. Unless otherwise specified in the advisory agreement, Everhart Advisors’ fees will be automatically debited from the client’s investment account or another account held through Everhart Advisors.

All fees paid to Everhart Advisors for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders, or those charged to clients by product sponsors or by qualified custodians and sub-advisors.

Mutual funds charge their shareholders various fees and expenses, generally including a management fee, other fund expenses, sales charges and possibly a distribution fee. Everhart Advisors may recommend mutual funds that charge clients a 12b-1 fee. Such fees are in addition to fees charged for our advisory services. These fees create a conflict of interest to the extent they provide an incentive to recommend investments that pay them. However, neither Schwab nor SEI shares 12b-1 fees with Everhart Advisors. Everhart Advisors further seeks to address this conflict of interest by making recommendations based solely on the client’s best interest. Clients are encouraged to read the product prospectus to learn more about expenses imposed on the client by the product sponsors. We recommend clients address any questions or concerns they have with their investment advisor representative.

Qualified custodians, such as Schwab and SEI, also charge our clients fees for their services. Fees charged by Schwab or SEI differ and their fees may be higher or lower than at other qualified custodians. Sub-advisors also charge clients fees and costs in connection with their services. Clients are responsible for paying fees and costs imposed by custodians and sub-advisors. See Items 10 and 12 below. Clients may purchase investment products we recommend through other brokers or agents not affiliated with Everhart Advisors. Ticket charges may be applied by the custodian when certain classes of shares are selected. Ticket charges are often associated with mutual funds that have lower internal expense ratios than funds that could be purchased without ticket charges. Lower internal expenses often benefit the client through lower ongoing costs to own the investment over time.

More information regarding our brokerage practices is found below at Item 12.

### **C. Fees for Other Services**

Everhart Advisors' fee for other services is negotiable and may be based on a percentage of assets under management, an hourly rate, a flat fee or an annual retainer. Hourly rates range from \$200 to \$1,000 and are set forth in the client's agreement with Everhart Advisors. Everhart Advisors pays a percentage of each client's fee to the investment advisor representatives assigned to that client. There exists a conflict of interest in light of the investment advisor representatives' incentive to negotiate a higher fee.

## **Item 6 Performance Based Fees**

When based on the value of a client's assets our fees will vary with investment gains or losses, among other factors, but Everhart Advisors does not charge fees based on the performance of a client's investments.

## **Item 7 Types of Clients**

Everhart Advisors provides investment advisory services to individuals, high net worth individuals, pension, retirement and profit-sharing plans and sponsors, trusts and business entities. Everhart Advisors does not require account minimums for its advisory services.

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

### **Investment Philosophy**

As noted above at Item 4, Everhart Advisors generally adheres to a buy and hold investment strategy as we believe in the underlying strength and long-term viability of the market economy. Volatility is inherent in the market system, but we believe it is counterproductive to chase short-term performance. Therefore, we do not try to time or outsmart the market. We invest prudently and encourage discipline. We generally prefer low upfront and ongoing expenses, stability of management, and appropriate diversification considering the client's risk tolerance and time horizon. We most frequently recommend investments in mutual funds and exchange-traded funds, or ETFs. Everhart Advisors creates model portfolios which are recommended in appropriate cases, depending on a client's specific circumstances and objectives. Our model portfolios are not tailored to individual clients.

We may recommend older investors remain heavily invested in equities (relative to fixed income) where we believe such allocation will meet the client's objectives and reduce the risks of inflation and longevity.

### **Investment Analysis**

When determining what investments to recommend we typically use outside sources such as Morningstar and other commercially available databases, financial newsletters and publications, and third-party research. We may consider fees and expenses, past performance, various statistical measurements, management styles and stability, and product sponsors, among other factors. Our investment committee periodically monitors and adjusts as needed the model portfolios used by our advisors and reviews the mutual funds and ETFs held in client accounts for conformity with our general investment philosophy. Changes will be recommended and made where appropriate as determined on a case by case basis. Consistent with our belief that chasing short term performance is counterproductive, the committee will

not recommend changes based on short term results. The committee does not review all types of investments recommended for clients.

The process used to review investments for retirement plan sponsors is more elaborate and formalized due to the requirements under ERISA. For these clients Everhart Advisors may review and compare investment costs and expenses, past performance relative to appropriate benchmarks, upside and downside capture, manager value measurements, objective risk and return statistical measurements such as Sharpe ratio, Treynor ratio, standard deviation, alpha, and beta, tenure, style and experience of management, and the financial strength, stability and reputation of the investment sponsor.

Everhart Advisors does not represent, warranty, or imply that the services or methods of analysis employed by it can or will predict future results.

### **Risk of Loss**

Investing in securities involves the risk of loss of the entire principal amount invested and any gains. Clients should not invest unless they are able to bear this risk. Any of the above investment strategies may lead to a loss on investments. Even hedging strategies may fail if markets move against the hedged investments. In addition, investing carries with it opportunity risk. It is impossible to accurately predict which sectors of the market or asset classes will earn more favorable returns for a given period.

## **Item 9      Disciplinary Information**

In January 2016, cease and desist proceedings were instituted by the Securities and Exchange Commission (Commission) against Everhart Financial Group, Inc. d/b/a Everhart Advisors, Scott Everhart and Matthew Romeo as principal owners of the firm. The matter was resolved with the Commission's acceptance of the Respondents' Offer of Settlement. The Commission's Order states that since 2010, the registered investment adviser principally invested its clients in mutual funds offered by a single family of mutual funds (the Mutual Fund Complex). This Mutual Fund Complex offered two share classes, and the only meaningful difference between them was that one share class charged "12b-1 fees" and the other did not. Despite higher fees, some adviser representatives at the registered investment adviser nearly always invested non-retirement individual advisory accounts in shares that charged a 12b-1 fee, which was paid to the registered investment adviser's principal owners who were licensed registered representatives of a registered broker-dealer. Receipt of 12b-1 fees created a conflict of interest that was not adequately disclosed to the registered investment adviser's clients and was inconsistent with the duty to seek best execution. The registered investment adviser did not conduct annual compliance reviews for certain years. As a result, it was determined by the Commission that Respondents willfully violated or caused violations of the Advisers Act and Rules promulgated thereunder. The Order required Respondents to pay monetary penalties in the amount of \$225,408.32 and civil penalties of \$140,000. Additional information can be found at [www.brokercheck.com](http://www.brokercheck.com) and [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or on the web CRD and IARD filing systems.

Everhart Advisors sought to aggressively address the issues identified by the Commission. We upgraded our broker-dealer affiliation to Mid Atlantic Capital Corporation, Inc. The compliance consultant we had relied upon was terminated, and an independent compliance consulting company was retained to perform compliance audits for 2016 and 2017. The firm also made significant investments in internal personnel to improve compliance programs and procedures. We hired an experienced interim Chief Compliance Officer to review and update all compliance policies and procedures as necessary. An attorney was hired

as a permanent, full-time CCO. Everhart Advisors now uses SEI and/or Schwab as qualified custodians of client assets, and neither pays 12b-1 fees to Everhart Advisors.

In August 2016 the Ohio Division of Securities entered into a consent agreement with Lisa Block and issued a Cease and Desist Order relating to allegations that she indirectly received commissions from the sale of securities prior to being licensed to do so. Ms. Block agreed to refund \$27,638.83 in commissions to approximately 17 affected clients.

In December 2018 the Ohio Department of Insurance issued a Consent Order relating to Lisa Block's insurance license renewal application in which she failed to disclose the 2016 proceeding described above. Ms. Block was ordered to pay a \$400 civil penalty and \$100 in administrative costs.

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

### **Qualified Custodians**

Everhart Advisors typically requires clients with investment accounts to use a qualified custodian with which we have established a relationship. In nearly all cases our clients' accounts are held at SEI and/or Schwab, both of which are unaffiliated with us. For a more detailed description of our relationship with each, see Item 12 below.

### **RIA Business Platform Agreement with SEI Global Services, Inc.**

Everhart Advisors has an RIA Business Platform Agreement with SEI Global Services, which is affiliated with SEI. As a result, Everhart Advisors receives consulting and support services relating to human resources, compliance, business strategy and other operational and administrative matters. SEI Global Services also makes available certain technology, including our customer relationship management system and our preferred planning software. In accordance with this agreement SEI charges Everhart Advisors' clients a reduced platform fee for assets custodied at SEI. Everhart Advisors agreed to transition client assets to SEI as appropriate and to evaluate the business platform program and cooperate with SEI Global Services to improve it. If the parties do not renew the Business Platform Agreement after four years the platform fee charged to clients by SEI may increase during the subsequent two years, depending on the value of our clients' assets custodied at SEI. At the end of those two years, absent further agreement, clients will be charged SEI's standard platform fee.

This arrangement presents a conflict of interest insofar as Everhart Advisors is incented to recommend clients use SEI as a qualified custodian in order to receive the benefit of SEI Global Services' consulting and support services. We believe, however, that this arrangement is in the best interest of our clients, and our recommendations to clients are always consistent with their best interest.

### **Insurance Sales**

Investment advisor representatives may be licensed to sell insurance products. In their capacity as licensed insurance agents investment advisor representatives may sell insurance products to clients for which they will receive normal and customary commissions in addition to fees paid for advisory services. This creates a conflict of interest as investment advisor representatives are incented to recommend insurance products in order to earn commissions. Everhart Advisors seeks to address this conflict of interest by always making recommendations in the best interest of the client. Also, Everhart Advisors' investment advisor representatives are not exclusive agents for a specific insurance provider. Clients are not obligated to purchase insurance products through Everhart Advisors and may instead implement our

recommendations through entities unaffiliated with Everhart Advisors. Clients are encouraged to address any questions or concerns with their investment advisor representative or Everhart Advisor's Chief Compliance Officer prior to purchasing insurance products.

### **Private Investment Funds**

Everhart Advisors' investment advisor representatives may invest in the same investment vehicles recommended to clients, including private investment funds, non-publicly traded limited partnerships and limited liability companies. This presents a conflict of interest insofar as the investment advisor representatives might benefit, as a co-investor, by the client's investment. We seek to address this conflict by adhering to processes to approve and monitor both investment advisor representative and client participation in such investments, and by always making recommendations based on the client's best interest. Neither Everhart Advisors nor its investment advisor representatives will receive sales-related compensation from the sponsor of any non-publicly traded investment.

### **Co-Advisor Agreement with Wealthstone, Inc.**

Everhart Advisors has a Co-Advisor Agreement with Wealthstone, Inc, a registered investment advisor located in Columbus, Ohio. Pursuant to this agreement Wealthstone may refer its clients to us for retirement plan advisory services. We pay Wealthstone a percentage of the fees paid to us by such clients. This arrangement does not result in additional fees or increased costs to the referred clients.

### **Sub-Advisory Agreement with SEI Investments Management Corporation**

Everhart Advisors has a Sub-Advisor Agreement with SEI Investments Management Corporation ("SIMC"), a registered investment advisor affiliated with SEI located in Oaks, Pennsylvania. This agreement allows Everhart Advisors to allocate client assets for participation in SIMC's Sub-Advised Program. Everhart Advisors is responsible to determine whether participation in the program is appropriate for our clients.

Under the program SIMC provides discretionary investment management services and makes available investment strategy models of SIMC or investment managers appointed by SIMC. These models seek to achieve particular investment goals and are not tailored to individual clients. Everhart Advisors may allocate client assets to one or more of SIMC's models which match a client's objectives. SIMC then invests the allocated funds in accordance with the selected models as updated from time to time by SIMC. In most cases SIMC will implement those models and execute transactions; in others the portfolio manager will do so.

SIMC charges an investment management fee for participation in the program which is paid by the client directly to SIMC from the assets allocated to the program. Other transaction costs are also charged to the client, including without limitation execution charges imposed by unaffiliated broker/dealers or exchanges, wire transfer fees, auction fees, and transfer taxes.

Clients with assets allocated to the program are subject to certain risks, including the investment manager implementing its model for its other accounts before implementing it for our clients. In that case, securities may be traded by our clients at prices different than those obtained by the manager's other clients. The risk of price deviations is greater for large orders and thinly traded securities. Additionally, performance of our client's investments in a model may deviate from the performance of other accounts in such models or those managed by SIMC or the investment manager.

## **Sub-Advisory Agreement with Nationwide Securities, LLC**

Everhart Advisors has a Sub-Advisory Agreement with Nationwide Securities, LLC, a registered investment advisor and registered broker-dealer located in Columbus, Ohio. Pursuant to the agreement Nationwide provides certain of our clients with non-discretionary investment advice relating to variable or fixed annuities and other insurance products issued by affiliated insurance companies. Nationwide may act as the broker of record on transactions executed in connection with these products. Nationwide is paid fees by the client based on the amount of insurance purchased which are in addition to our advisory fee.

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

### **Code of Ethics Summary**

As an investment adviser, Everhart Advisors is considered a fiduciary and we owe a fiduciary duty to all advisory clients. We must provide full and fair disclosure of all material facts and act in our clients' best interest at all times. This obligation to our clients is the underlying principle of our Code of Ethics and our insider trading and personal securities transactions policies and procedures. The required standard of conduct is higher than ordinarily required and encountered in commercial business. This is only a summary description of our Code of Ethics. If any client or potential client wishes to review our entire Code of Ethics, we will provide it upon request.

All persons associated with our firm must place our clients' interests ahead of their own when implementing personal investment transactions. Because we sincerely believe in our recommendations to clients, it is logical and even desirable that our employees and their immediate family members buy and sell securities being bought and sold by clients. See Item 10 above regarding Private Investment Funds.

To prevent conflicts of interest we developed personal investment and trading policies and procedures applicable to employees and their immediate family members ("associated persons"):

- Associated persons cannot prefer their own interests to that of the client
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing requested transactions for client accounts
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider"
- Associated persons are discouraged from conducting frequent personal trading
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception is granted by the Chief Compliance Officer of Everhart Advisors

To monitor compliance, we conduct quarterly personal securities transaction reviews. Each year employees sign an acknowledgement that they have read and understand the Code of Ethics.



## **Item 12      Brokerage Practices**

### **Charles Schwab & Co., Inc.**

Client assets under our management must be maintained in an account at a qualified custodian, generally a broker-dealer or a bank. Some of our clients use Schwab a registered broker-dealer, member SIPC, as a qualified custodian. Schwab holds each client's assets in a brokerage account and buys and sells securities on the client's behalf when instructed to do so. While we typically require clients to use a qualified custodian with whom we have an established relationship, each client must decide whether to do so. Clients establish accounts at Schwab by entering into an account agreement directly with Schwab. In deciding to use Schwab, Everhart Advisors considered its reputation, security and stability, resources and capabilities, the breadth of available investment products, the quality of its services, willingness to investigate new products and services, and its commission rates and fees. Everhart Advisors is not affiliated with Schwab. Not all advisers require clients to use particular qualified custodians.

Schwab is compensated by charging clients commissions or other transaction fees on trades it executes, or by charging a fee based on a percentage of the client's account value. Schwab retains any 12b-1 fees paid by mutual funds and also earns interest on the uninvested cash in client accounts. Schwab's fees are different than SEI's fees. For additional detail regarding Schwab's compensation clients are encouraged to refer to Schwab's account agreement. Fees charged to our clients by Schwab were negotiated based in part on the aggregate value or anticipated value of our clients' assets maintained at Schwab. Fees charged by Schwab are in addition to advisory fees charged by Everhart Advisors. Fees charged by Schwab may be higher or lower than those charged by other qualified custodians, including SEI.

### **SEI Private Trust Company**

Some of our clients use SEI, a limited purpose federal savings association in Oaks, Pennsylvania, as a qualified custodian. SEI is not a broker dealer. SEI holds each client's assets in a custodial account and facilitates the purchase or sale of securities on the client's behalf when instructed to do so, usually through an affiliated introducing broker-dealer. While we typically require clients to use a qualified custodian with which we have an established relationship, each client must decide whether to do so. Clients establish accounts at SEI by entering into a custody agreement directly with SEI. In deciding to use SEI we considered the specialized products and services it offers, its reputation, resources and capabilities and fees. See Item 10 above regarding the Business Platform Agreement between SEI Global Services, Inc. and Everhart Advisors. Everhart Advisors is not affiliated with SEI. Not all advisers require clients to use particular qualified custodians.

SEI is compensated by charging clients a fee based upon a percentage of the client's account value. SEI's fees are different than Schwab's fees. For additional detail regarding SEI's compensation clients are encouraged to refer to SEI's custody agreement. SEI's fees were negotiated based in part on the aggregate value or anticipated value of our clients' assets maintained at SEI. Fees charged by SEI are in addition to advisory fees charged by Everhart Advisors. The fees charged by SEI may be higher or lower than those charged by other qualified custodians, including Schwab.

### **Best Execution**

When Everhart Advisors implements an investment recommendation on behalf of a client, we are responsible to ensure the client receives the best execution possible. Best execution means the most favorable terms based on all relevant factors, including many of the factors considered when choosing to

use a particular custodian or broker-dealer. We have determined that using SEI and/or Schwab as qualified custodians is consistent with our duty to seek best execution. By requiring clients to use a particular qualified custodian we may be unable to achieve the least expensive execution of client transactions.

### **Trade Errors**

Everhart Advisors endeavors to prevent trade errors; however, trade errors cannot always be avoided. Consistent with our fiduciary duty it is our policy to correct trade errors in a manner that is in the best interest of the client. When a client causes the trade error, the client will be responsible for any resulting loss and expense. When a client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Everhart Advisors if the error was caused by us. If the error is caused by a third party, such as a qualified custodian, they will be responsible for covering the costs. Depending on the circumstances, clients may not receive or retain gains generated as a result of an error. However, if possible and appropriate, gains earned as a result of a trade error may be retained by the client.

We will never benefit or profit from trade errors.

### **Compensation from Qualified Custodians**

Schwab and SEI make available to Everhart Advisors products and services that benefit Everhart Advisors but may not benefit clients. Some of these products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitation of trade execution; research, pricing information and other market data; and assistance with back-office functions such as billing, recordkeeping and client reporting. Schwab and SEI also provide Everhart Advisors services and compensation that do not benefit clients but are intended to help Everhart Advisors manage and further develop its business. These include consulting and education, publications and attendance at conferences and reimbursement of business development expenses. They may make available or pay for these services rendered to Everhart Advisors by third parties. Schwab agreed to reimburse up to \$50,000 in technology-related expenses in two annual installments in 2018 and 2019, provided we maintain \$330 million in client assets at Schwab. We used this money to offset the cost of upgrading our subscription to Morningstar Office Suite which provides us with data used in connection with our investment decision-making responsibilities and to prepare our client account reviews. See Item 10 above regarding the Business Platform Agreement with SEI Global Services, Inc.

Everhart Advisors' requirement that clients use Schwab or SEI creates a conflict of interest as the benefits provided by them create an incentive to require their use in order to avoid paying for such benefits rather than based on the clients' interest in receiving the best services and trade execution. We believe, however, that our relationships with Schwab and SEI are in the best interest of our clients for the reasons described above.

### **Block Trading**

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. Everhart Advisors rarely engages in block trading when mutual fund share classes are being exchanged for multiple clients, or when a model

portfolio is rebalanced, reallocated or adjusted. It should be noted that implementing trades on a block or aggregate basis may be less expensive; however, we typically implement client orders on an individual basis. Considering our general investment philosophy and the types of investments typically held in our clients' accounts, we do not believe clients are hindered because we trade accounts individually. Our strategies are primarily developed for the long term and minor differences in price execution are not material to our overall investment strategy.

## **Item 13      Review of Accounts**

### **Account Reviews**

Everhart Advisors seeks to conduct in-person, telephonic or remote conferencing account reviews with advisory clients annually. Periodic account reviews are conducted as individual circumstances dictate and whenever clients request them. We endeavor to invite each client for a review annually, and clients are encouraged to contact us to request reviews as desired. Account reviews typically include the client's personal and financial situation, as well as their objectives, investment strategy and portfolio allocation. Investment changes are recommended where appropriate. We generally seek to educate clients during these reviews regarding financial markets, our investment philosophy and investment discipline. Reviews are conducted by an appropriately licensed investment advisor representative.

In addition to account reviews with clients, we also routinely monitor, adjust and rebalance model portfolios as appropriate, and review client portfolios for excess cash and for opportunities to upgrade mutual fund share classes. We seek to identify clients required to make minimum annual distributions and assist them as needed. We review new accounts for appropriate asset allocation and audit by sample existing client accounts for compliance. These processes may be performed by the CCO, investment advisor representatives, Client Relationship Managers or other supervised personnel.

### **Statements and Reports**

Clients are provided transaction confirmations and quarterly account statements directly from the qualified custodian (except transactions executed through SIMC's Sub-Advised Program which are reflected only on the client's account statements). Clients are encouraged to compare information provided by us to that provided on the account statements received from the qualified custodian. Clients should contact us or the qualified custodian preparing the account statement with any questions.

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

### **Referral Agreements**

Everhart Advisors has a Co-Advisor Agreement with Wealthstone, Inc. which is described at Item 10 above.

### **Employee Referrals**

Everhart Advisors pays its employees for referring new clients to the firm. A one-time bonus is paid when an individual or plan sponsor referred by an employee becomes a client of Everhart Advisors. This arrangement does not result in higher fees or any additional cost for the client.

## **Professional Referrals**

Upon request we may refer clients to other professionals, such as lawyers, accountants and insurance agents. In some cases, the professionals to whom we refer clients are also clients of the firm. In other instances, the professionals to whom we refer clients may refer clients to us. This presents a conflict of interest insofar as Everhart Advisors has an incentive to make referrals to benefit us rather than the client. We seek to address this conflict by always placing our clients' interest first and referring to professionals we believe are well suited to meet the client's particular need. Clients are not obligated to retain professionals to whom they are referred by us and must conduct their own due diligence to determine whether to hire a particular professional. We do not enter into agreements that obligate us to make or trade referrals.

## **Product Sponsors**

Everhart Advisors receives reimbursement for travel or marketing expenses from distributors of investment or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors underwrite business development costs such as those incurred for client appreciation events, advertising, publishing, and seminars. Although these reimbursements are not predicated upon specific sales quotas, they are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest as there is an incentive to recommend certain products and investments based on our receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients, and periodic monitoring of model and individual client portfolios.

## **Item 15      Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds or securities. Custody in this context is not limited to physically holding client funds or securities. Discretionary trading authority does not constitute custody.

Everhart Advisors is deemed to have custody of client assets when it has authority to deduct its fees directly from a client's accounts. Additionally, Everhart Advisors is deemed to have custody of client assets where the client has authorized us to direct the transfer of funds from client accounts to third parties at the client's direction. Nevertheless, we do not undergo a surprise annual audit as we and the qualified custodians with which we have a relationship comply with the "safe harbor" established by the SEC's February 2017 no-action letter relating to the Custody Rule.

We have established procedures to ensure that all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Account statements are delivered directly from the qualified custodian to each client at least quarterly. Clients should carefully review those statements and are urged to compare the statements against any information received from Everhart Advisors. If clients have questions about their account statements, they should contact us or the party preparing the statement. We are not liable to clients for any act or omission by a qualified custodian.

Everhart Advisors does not have custody of assets of any retirement plan sponsor client.

## **Item 16**      **Investment Discretion**

Clients may grant Everhart Advisors discretionary trading authorization, in writing, as part of their advisory agreement with Everhart Advisors. If granted discretionary authority we may buy or sell investments for the client's account without additional, prior approval. Everhart Advisors may determine what security to trade, in what amounts and at what price. Clients will receive written or electronic confirmations of all trades.

For clients who do not grant us discretionary trading authority we are required to contact the client prior to implementing changes in their account. Clients will be contacted and required to accept or reject our investment recommendations, including the security being recommended, the number of shares and whether to buy or sell. Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of the trade and the price at which the investment is bought or sold. Where we do not have discretion, clients need to know that if we are unable to reach them, or they are slow to respond to our requests, it may have an adverse impact on the timing of trades and we may not achieve the optimal price. As provided in our advisory agreement with clients, we may make limited trades to replenish cash available to pay advisory fees. This does not constitute discretionary authority.

Everhart Advisors does not and cannot guarantee the result of any trade or investment and losses may be incurred.

Clients may place reasonable restrictions on the types of investments that may be purchased in their account by providing written notice to Everhart Advisors. Clients may also place reasonable limitations on the discretionary power granted to Everhart Advisors so long as the limitations are specifically set forth in writing as part of the client agreement.

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

Everhart Advisors does not vote proxies on behalf of clients.

## **Item 18**      **Financial Information**

Everhart Advisors does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients. Everhart Advisors has never been the subject of a bankruptcy petition.