

# **Searle & Co.**

**333 Greenwich Avenue  
Greenwich, CT 06830  
(203) 869-4800**

**<http://searleco.com>**

**April 28, 2020**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Searle & Co. If you have any questions about the contents of this brochure, please contact us at (203) 869-4800. 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 Searle & Co. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Searle & Co. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated November 16, 2018, there are no material changes to report.

**If you would like a copy of our most recent brochure, you can request one free of charge at any time by contacting us at 333 Greenwich Avenue, Greenwich, CT 06830 or (203) 869-4800.**

### Item 3 Table of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 6
Item 6 Performance-Based Fees and Side-By-Side Management	Page 7
Item 7 Types of Clients	Page 7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 7
Item 9 Disciplinary Information	Page 11
Item 10 Other Financial Industry Activities and Affiliations	Page 12
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 13
Item 12 Brokerage Practices	Page 14
Item 13 Review of Accounts	Page 15
Item 14 Client Referrals and Other Compensation	Page 16
Item 15 Custody	Page 16
Item 16 Investment Discretion	Page 17
Item 17 Voting Client Securities	Page 17
Item 18 Financial Information	Page 17
Item 19 Requirements for State-Registered Advisers	Page 17
Item 20 Additional Information	Page 18

## Item 4 Advisory Business

### Description of Services and Fees

Searle & Co. is a registered investment adviser based in Greenwich, Connecticut. We are organized as a corporation under the laws of the State of Connecticut. We have been providing investment advisory services since 2002. Robert Searle, President/Chief Compliance Officer/Chief Financial Officer is our principal owner.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to Searle & Co. and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm.

Currently, we offer the following investment advisory services, which are personalized to each individual client.

### Portfolio Management Services

We offer discretionary and in limited circumstances non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a limited power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

We do not hold our firm out as a financial planner. However, some degree of planning is inherent to the overall management process. We will not provide you with a written financial plan. Any planning services are purely incidental to the management process and you will not be charged any additional planning fees.

Our fee for portfolio management services is based on a percentage of your assets we manage. The management fee is negotiable, depending on individual client circumstances, and it will not exceed a maximum of 2.0% annually. The fee is due quarterly in arrears and will be based on the average month-end balance for the previous relevant calendar quarter. For example, the fee will be calculated by adding the month end balance as determined by your account custodian for each month in the

relevant calendar quarter, divided by three, and then multiplied by the agreed upon percentage of the assets under management. If the portfolio management agreement is executed at any time other than the first day of a billing period, the fee will be prorated.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

#### *Payment of Fees*

Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. The qualified custodian for your advisory account will calculate the advisory fee as described in the Portfolio Management Services section above at Item 4. As paying agent, your custodian will directly debit your account(s) for the payment of our advisory fees based on your written authorization. You will receive account statements from the independent, qualified custodian holding your funds and securities at least quarterly. The account statements from your custodian will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

#### *Termination of Portfolio Management Services*

You may terminate the portfolio management agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. Fees are calculated and paid in arrears. Therefore, we do not receive any pre-paid, unearned advisory fees that we have not yet earned. Refunds are not applicable.

#### **Wrap Fee Program(s)**

Certain legacy clients entered into a wrap fee agreement with the firm. We no longer offer wrap fee accounts to clients.

#### **Types of Investments**

We primarily offer advice on equity securities, warrants, corporate debt securities, certificates of deposit, municipal securities, investment company securities, US Government securities, options contracts on securities, and others.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

#### **Assets Under Management**

As of October 31, 2019, we provide continuous management services for \$251,521,807 in client assets on a discretionary basis, and \$24,165,114 in client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

Please refer to the "Advisory Business" section above Item 4 in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Our firm is also a securities broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA), and the Securities Investor Protection Corporation (SIPC) and certain persons associated with our firm who provide investment advice are also licensed as registered representatives. We will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by our firm and registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs.

We also derive income from commission-based compensation from the sale of investment products we recommend to our non-advisory clients. However, some advisory clients will also pay commissions for investment products sold through our company.

We typically receive commissions on advisory accounts for non-qualified clients. When appropriate for advisory accounts, we will recommend the purchase of no-load mutual funds. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm and you have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with our firm.

### **Cash Sweeps**

Cash pending investment in your advisory account will be swept into an FDIC cash sweep program, unless otherwise requested. The money held in The FDIC Cash Sweep Program contains banks that are insured by the Federal Deposit Insurance Corporation ("FDIC"). The bank, our custodian Pershing, and our firm will receive economic benefit in the form of revenue sharing based on the deposits in the program. Therefore, the rate you receive is often a lower rate of return on the money deposited than on other investment alternatives. The program is not obligated to offer the highest interest rates available or comparable to other Money Funds. This creates a conflict of interest because we have a financial incentive to recommend the FDIC Cash Sweep Program which shares compensation with us over those that do not and/or investment in Money Funds which do not share revenue with our firm. Similarly, compensation for balances in other Sweep Products such as Money Market Funds, is received by the Funds, Pershing, and our Firm. More information can be found at [www.pershing.com/rates](http://www.pershing.com/rates).

### **Use of Margin**

We may offer more sophisticated investment strategies such as margin in the managed account program. Fees for advice and execution on these securities are based on the total net asset value of the account. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved. In the cases where margin debit interest is charged to your account, we receive a portion of the interest charged, presenting a conflict of interest.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size, which, in our sole opinion, is too small to effectively manage.

Among other criteria, clients, who are charged performance-based fees, must have at least \$1,000,000 under management with us or they will certify to us that they have a net worth of at least \$2,000,000 (excluding the value of their primary residence) at the time of entering into the performance based fee arrangement. However, clients who entered into a performance-based fee arrangement with our firm prior to September 19, 2011, and who have met the previously defined financial and other relevant criteria may have entered into such fee arrangements under lower financial thresholds according to then current federal rules and regulations.

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

### **Our Methods of Analysis and Investment Strategies**

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and various relevant factors. Your restrictions and guidelines may affect the composition of your portfolio.

No investment strategy or method of analysis can assure that any trade or investment will result in a profit. Furthermore, each client must understand that any trade or investment could result in a loss and that the value of any client portfolio could decline below the original investment.



We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

***Fundamental Analysis*** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data are used to measure the intrinsic value of the company's stock compared to the current market value. Risks associated with fundamental analysis include that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

***Technical Analysis*** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

***Charting Analysis*** - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

***Cyclical Analysis*** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

***Long-Term Purchases*** - securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

***Short-Term Purchases and Trading*** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. We may use trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is appropriate given your stated investment objectives and tolerance for risk. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

***Options Writing*** - a securities transaction that involves selling options. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller receives from the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.



Options are complex securities that *involve risks and are not suitable for everyone*. *Options trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital*. Selling options is more complicated and can be even riskier. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date").

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

The risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options, which do not have secondary markets on which to sell the options prior to expiration can only, realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options can lose more money than a short seller of that stock can lose on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may substantially rise or fall unexpectedly, leading to an exercise prior to expiration.

Other options trading risks are:

- The complexity of some options strategies is a significant risk on its own.
- Options trading exchanges or markets and options contracts are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm becomes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to time zone differences.

General risks that are not limited to options trading include market risk, sector risk and individual stock risk. Since stock options are a derivative of stocks, options trading risks are closely related to stock risks.

### **Buying Securities on Margin and Margin Interest**

If suitable for you, you may open a margin account for the purpose of borrowing funds for securities purchases or other purposes. If a margin account is opened, you will be charged interest on any balance extended to or maintained on your behalf at the custodian. While the value of the margined securities will appear as a debit on your statement the margin balance in an account(s) will be assessed asset-based advisory fees based on the net value of the account(s). If you purchase securities on margin you should understand: 1) the use of borrowed money will result in greater gains or losses than otherwise would be the case without the use of margin, and 2) there will be no benefit from using margin if the performance of your account does not exceed the interest expense being charged on the margin balance. Read the Truth in Lending Statement in the Margin Account Opening documents carefully prior to opening a margin account.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Recommendation of Particular Types of Securities**

We primarily invest in publicly traded stocks and bonds. You should be advised of the following risks when investing in these types of securities.

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are, but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Municipal securities can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

## **Item 9 Disciplinary Information**

The instructions to Form ADV Part 2A requires disclosure of certain legal or disciplinary events material to an advisory client's or perspective client's evaluation of the investment adviser or its management persons.

This section includes details about certain legal and disciplinary events reported to the Securities and Exchange Commission and the Financial Industry Regulatory Authority (FINRA). The disciplinary reporting requirements for broker-dealers and investment advisers differ significantly, with FINRA requiring broker-dealers to report on matters that are not required to be reported by investment advisers. As a result, this brochure may exclude matters that are not required to be reported by investment advisers, such as matters involving the firm or a management person's record that occurred more than ten years ago.

In its capacity as a broker-dealer, Searle & Co. and Mr. Searle have been the subject of regulatory events. Since these actions did not occur with regard to Investment Advisory Business's or in previous firms of employment, these disclosures have not been determined to be material to your evaluation of our Investment Advisory services. Nonetheless, the following information is included for your reference.

In March 2010, FINRA alleged that the firm violated certain reporting requirements and lacked a sufficient supervisory system relating to the Order Audit Trail System ("OATS") from January 1, 2007, through December 31, 2008. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings; therefore, the firm was censured, fined \$12,500 and required to revise its written supervisory procedures regarding OATS reporting within 30 business days of acceptance of the Acceptance Waiver and Consent.

In May of 2011, FINRA alleged violation of FINRA Rule 2010, NASD Rules 2110, 2330, 3010 in that the firm, acting through its President and Chief Compliance Officer, Robert S. Searle, shared profits in the account of a customer of another FINRA member and the firm failed to establish, maintain, and enforce adequate written supervisory procedures related to sharing in profits and losses in customer accounts of FINRA members. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings; therefore it is censured, fined \$5,000, and fined \$10,000, jointly and severally.

In July 2011, it was alleged that the firm violated Section 17(a) of the Securities Exchange Act of 1934, Rules 17a-3, 17a-4 and 17a-5 thereunder, NASD By-Laws Article IV, Section 1(c), NASD Rules 2110, 2420, 3010, 3110 in that it failed to update Form BD in timely fashion; failed to establish, maintain, and enforce an adequate system and written procedures reasonably designed to supervise its placement business; failed to adequately supervise the placement business conducted at an unregistered office; due to an impermissible accounting convention, failed to adequately ensure that its ledgers or other records accurately reflected all assets, liabilities, income and expenses of the firm, and as a consequence, filed inaccurate FOCUS reports and annual financial audit reports; and improperly paid registered representatives via their sole member limited liability companies (non-registered entities) rather than directly. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings; therefore it was censured and fined \$47,500. Without admitting or denying the findings, Mr. Searle was fined \$10,000 and suspended from acting in a principal capacity for ten business days.

As our firm operates as both a broker-dealer and an investment adviser, the legal and disciplinary information in this brochure is not the only resource you can consult. In addition to the information in this brochure, you can access information about our firm and its management persons on the SEC's public disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), as well as FINRA's public disclosure website, [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

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

### **Registration as Broker-Dealer**

As described above at item 5, "Fees and Compensation," in addition to being registered as an investment adviser, our firm is also registered as a broker-dealer and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

### ***Other Broker Dealers and Investment Advisers***

Thaddeus S. Cook, Vice President and Registered Principal, is separately licensed as a registered principal and control person of Securities Research, Inc. ("Securities Research"), a broker dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority, Inc. ("FINRA"). Securities Research, Inc. is also a state registered investment adviser. Mr. Cook spends the majority of his professional time performing duties as President of Securities Research, Inc.

As a result, of his relationship with Securities Research, Inc., in his capacity as a registered principal, Mr. Cook may affect securities transactions, and may receive separate, yet customary compensation for effecting securities transactions. Such compensation may also include 12b-1 fees for the sale of investment company products. It is not expected that advisory clients of Searle & Co. will become clients of Securities Research, Inc. or vice versa.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

#### **Principal Transactions**

We direct trades to one or more broker dealers that acts as principal, buys securities from (or sells securities to) our clients in regard to certain transactions. These transactions present a conflict of interest as both our employees as well as the broker dealer's earn transactional fees (mark-ups or markdowns) from such transactions and have an incentive to execute client orders in this manner. We address this conflict in the following manner:

1. We will only trade as principal when we believe the transaction is in the best interest of our clients;
2. We believe the transaction fulfills our duty of best execution with respect to the particular transaction; and
3. Prior to the completion of such trades we will make disclosures to our effected clients regarding:
  - a. the price of the security;
  - b. other best quoted prices;
  - c. any commission, mark-up, or mark-down; and
  - d. obtain our client's consent.

Where applicable, Searle & Co. acts as a broker for the purchase or sale of client securities while also acting as an agent for the contra-party of one of its brokerage (but not advisory) clients, whereby the Firm places an offsetting order, in conjunction with the SEC rule on agency cross transactions, Investment Adviser Rule 206(3)-2. In such cases, Searle & Co., client confirmations will be annotated to disclose that Searle & Co. has acted as agent of both buyer and seller in the transaction. We may, when we consider the transaction to be in your best interest, execute such transactions. We could receive compensation from each party to the transaction, and would therefore have a conflict of interest. Clients may revoke the authorization to effect agency cross transactions at any time by providing us with written notice. In circumstances where we execute an agency cross transaction, we

undertake to confirm that the buyer and seller are not related parties and that the transactions are executed at market price. We will review all trades executed as an agency cross for compliance with our best execution policy.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own accounts. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Aggregated Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the *Brokerage Practices* section in this brochure for information on our aggregated trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We routinely require that you establish an account with a brokerage firm with which we have an existing relationship, such as Pershing Div. Bank of New York/Mellon (Pershing). Such relationships may include benefits provided to our firm, including but not limited to, research, market information, and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Directed Brokerage**

Although we do not custody your assets, we routinely require that you direct our firm to execute transactions through our firm in its capacity as a broker/dealer and our clearing firm or a broker-dealer/custodian with which we have established a business relationship, such as Pershing. Consequently, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.



Certain persons providing investment advice on behalf of our firm who are also registered representatives with our broker-dealer are subject to applicable rules that restrict them from conducting securities transactions away from our firm without prior written authorization to do so. As such, certain associated with our firm may execute transactions through our company or Pershing and will receive commissions for those transactions. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than based solely on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through us or Pershing. However, if you do not use our clearing firm, Pershing, we may not be able to accept your account. Please see the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm. You are advised that comparable services may be available elsewhere for a lower fee. You are under no obligation contractually or otherwise to utilize the brokerage or custodial services that may be offered through our firm or any affiliated or unaffiliated firms.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Aggregated Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a transaction cost. In certain cases, each participating account pays an average price per share for all transactions. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## **Item 13 Review of Accounts**

Robert Searle, President, Chief Compliance Officer, and Chief Financial Officer of our firm will be responsible for the overall supervisory review process for our firm. The individual investment adviser representatives associated with your account will monitor your accounts on an ongoing basis and will conduct regular account reviews as determined with you, and additionally upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current, stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,



- security specific events, and/or,
- changes in your risk/return objectives.

We may provide you with quarterly performance reports and/or additional or regular written reports in conjunction with meetings with you and/or account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. We may also provide you with periodic or annual tax reports. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

## Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with various account custodians.

As disclosed under the "Fees and Compensation" section in this brochure, certain persons providing investment advice on behalf of our firm are registered representatives with Securities Research, Inc., a registered securities broker-dealers, and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### Wire Transfer and/or Standing Letter of Authorization

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;

4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We have not filed a bankruptcy petition at any time in the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## Item 20 Additional Information

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Errors resulting in a gain should remain in your account unless:

- You were not permitted to make the trade due to regulatory constraints
- You provide us with written documentation demonstrating specific authorization to reject the gain after we provide you with relevant facts that could have a negative effect, such as undesirable tax consequences
- The error is a mutual fund trade, and the mutual fund company's policies or practices (e.g., relating to sub-account processing) do not readily allow retention of gains as part of correcting the error
- The same error involved other client account(s) that should have received the gain, such as when the error resulted from misallocations across more than one client's account, or there was mistaken entry of a client account number or identifier.

### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.