



**FIRM BROCHURE**  
**(Part 2A of Form ADV)**

**April 27, 2020**

**SilverOak Investments, LLC**  
**dba Court Investment Services**

**CRD #290935**

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**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of SilverOak Investments, LLC, dba Court Investment Services. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at (800) 520 - 0605. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**SilverOak Investments, LLC, dba Court Investment Services is registered as an investment adviser with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about SilverOak Investments, LLC, dba Court Investment Services and its investment adviser representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2: MATERIAL CHANGES

SilverOak Investments, LLC, dba Court Investment Services (“SOI” or the “Firm”) filed its last annual update to the Brochure on March 18, 2019. SOI continues to conduct its business activities and provide investment advisory services in substantially the same manner as described in the last update to this Brochure. The ensuing is only a list of changes since the last update that are or may be considered material. It does not identify every change to the Brochure since the last update. In addition, there have been minor word enhancements and clarifications throughout the Brochure.

- Additional language has been added to Item 4 to describe the types of securities that SOI will invest in as well as a strategy utilized by Firm.
- Item 12 was modified to clarify that client brokerage transactions are generally allocated to the custodian for their respective account.
- Item 15 was updated to disclose that SOI is deemed to have custody in cases where it has a Standing Letter of Authorization (SLOA) that gives the Firm the authority to transfer funds to a third-party as directed by the client in the SLOA.
  - On April 27, 2020, Item 11 was updated to disclose that SOI may from time to time effect cross transactions (selling a security on behalf of one Client and purchasing the same security on behalf of another Client) where neither SOI nor any affiliate acts as a broker on the transaction.

Prospective clients are strongly encouraged to read this Brochure in its entirety prior to engaging SOI for any advisory services. Pursuant to applicable regulation, SOI will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of SOI’s fiscal year-end. Additionally, as the Firm experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover.

Additional information about SOI and its investment adviser representative is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**SOI’s Chief Compliance Officer, Ryan Yuhnke, remains available to address any questions that a client or prospective client may have regarding this Brochure and the arrangements described below.**

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## **Item 4: Advisory Business**

### **A. Description of Firm and Principal Owners**

SilverOak Investments, LLC, dba Court Investment Services (“SOI” or the “Firm”) is a limited liability company formed in California in 2014. SOI is principally owned by Ryan Yuhnke, who is also SOI’s Managing Member and Chief Compliance Officer.

SOI became registered as an Investment Adviser Firm with the California Department of Business Oversight in 2017, and subsequently registered with the Securities and Exchange Commission (“SEC”) in 2019. SOI is fee-based investment advisory firm that provides investment supervisory services on a discretionary basis to certain clients described in Item 7 herein (“Clients”).

### **B. Types of Advisory Services Offered**

SOI provides discretionary investment advice and management to separately managed accounts on a continuous basis. SOI will generally only invest in individual stocks and exchange-traded securities and may on occasion sell short securities. SOI may also on occasion trade in securities that it believes will go up when the market goes down.

For certain clients, SOI utilizes its Flagship IRA/401K Rollover strategy, which attempts to generate capital appreciation over the long-term. The strategy utilizes a combination of individual stocks and exchange traded funds (ETFs) and may engage in hedging or go net short depending upon conditions. In addition, the strategy has a long-term, bottom-up, valuation-driven approach to investing, typically focusing on companies with strong fundamentals.

### **C. Client Tailored Services and Client Imposed Restrictions**

As part of the client agreement with SOI, Clients agree that SOI will have a limited power-of-attorney as to what investments to make, when to make them and when to sell them. To commence the investment advisory process, an investment adviser representative will first ascertain each client’s investment objective(s) and time horizon and then allocate investment assets consistent with the designated investment objective(s). Once allocated, SOI provides ongoing monitoring and review of account performance and asset allocation, and may periodically execute or recommend execution of account transactions. The Firm’s discretionary authority may be subject to conditions or restrictions imposed by a Client, such as when a Client restricts or prohibits transactions in a particular security. Please refer to Item 16 for additional information.

SOI does not assume responsibility for the accuracy of the information provided by the Client and is not obligated to verify any information received from the Client or from any of the Client’s other professionals (*e.g.*, attorney, accountant, etc.). Under all circumstances, Clients are responsible for promptly notifying SOI in writing of any material changes to the Client’s objectives, risk tolerance, time horizon, and financial goals. In the event that a Client notifies SOI of any changes, SOI will review such changes and implement any necessary revisions to the Client’s portfolio. In SOI’s management of a client’s account, SOI is not responsible for and does not consider any securities, cash or investments owned by the client, the client’s financial circumstances or investment objectives outside of the client’s investment with SOI.

#### **D. Participation in Wrap Programs**

SOI sponsors a wrap fee program. SOI selects investments for Client portfolios from securities offered in the wrap program. SOI also determines the allocations and sector weights utilized in the Wrap Program. Clients may place reasonable restrictions, or make reasonable modifications to existing restrictions, regarding the management of their Wrap Program account. Please refer to the Firm's Form ADV Appendix 1 "Wrap Program Brochure" for additional information concerning the Firm's Wrap Program.

#### **E. Amount of Client Assets Managed**

As of December 31, 2019, the following represents the amount of client assets under management by the Firm on a discretionary and non-discretionary basis:

<b>Type of Account</b>	<b>Assets Under Management</b>
Discretionary	\$102,026,157
Non-Discretionary	\$0
<b>Total:</b>	<b>\$102,026,157</b>

### **ITEM 5: FEES AND COMPENSATION**

#### **A. Compensation for Advisory Services**

As described in greater detail below, SOI charges different types of fees, including fees based on a percentage of assets under management or fixed fees. The specific fees charged by SOI for its investment management services will be set forth in the Client's Agreement.

Fees may be negotiable under certain circumstances at the sole discretion of SOI. In addition, SOI has full discretion to waive its advisory fees in their entirety. Although SOI believes its advisory fees are competitive, Clients should be aware that lower fees for comparable services may be available from other sources.

**SOI's Chief Compliance Officer, Ryan Yuhnke, remains available to address any questions that a client or prospective client may have regarding its fees and minimum asset levels.**

#### **1. Fees Based Upon a Percentage of Assets Under Management**

The Firm typically provides investment management services to clients for a fee based upon a percentage (%) of the market value of the assets placed under management (generally ranging between 1.00% and 2.00%). However, fees shall vary depending upon various objective and subjective factors, including but not limited to: the amount of assets to be managed; account composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); and negotiations with the Client.

These fees are assessed quarterly, in advance, and are based on the average daily balance of assets held in the Client's accounts during the previous quarter. New accounts are billed on the

15<sup>th</sup> day of the following month for the prorated amount of days remaining in the quarter the account was opened.

Investment management fees will be automatically deducted from the Client's account by the custodian as soon as practicable following the end of each applicable period. Should a Client open an account during a quarter, the Firm's management fee will be prorated based on the number of days the account was open during the quarter. Payment of such prorated fees shall be made upon the first quarterly billing cycle. In the event the Firm's services are terminated mid-quarter, any paid, unearned fees will be promptly refunded to the Client. The number of days the account was managed during the quarter until termination is used to determine the percentage of the management fee earned (based on the total number of days in the quarter) and the balance is refunded.

Advisory fees are negotiable and arrangements with any particular Client may differ from those described above. In addition, for family and friends of the Firm, the Firm may, in its sole discretion, reduce or waive management fees in their entirety.

The Firm may amend its standard fee schedule at any time by giving thirty (30) days advanced written notice to Clients. Should a client have more than one account managed by the Firm, SOI will, unless instructed otherwise by the client, aggregate the Client's accounts for the purpose of computing management fees. Although SOI believes its investment management fees are competitive, Clients should be aware that lower fees for comparable services may be available from other sources.

Please refer to the Firm's Form ADV Appendix 1 "Wrap Program Brochure" for fees related to the Firm's Wrap Program.

**SOI's Chief Compliance Officer, Ryan Yuhnke, remains available to address any questions that a client or prospective client may have regarding the above.**

## **2. Fixed Fees**

At times, and at the sole discretion of SOI, the Firm may accept a fixed fee for its investment management services instead of a fee based upon assets as described above. Typically this will occur when the Firm determines that the type of investments and/or investment strategy utilized by the Client would be better served by assessing a fixed fee – such as when a Client's account is comprised solely of cash, money markets, certificates of deposits and/or similar types of investments. In such situations, SOI's fixed fee ranges between \$20-\$40 per month. The Client's Agreement (and the custodial/clearing agreement) requests that the Client authorize the custodian to debit the Client's account on a monthly basis and directly remit such fees to SOI in compliance with applicable regulatory procedures.

## **B. Other Fees and Expenses**

Clients should understand that the fees described above do not include certain charges imposed by third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other

fund expenses), transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, Clients may incur brokerage commissions and transaction fees. Clients should further understand that such charges, fees and commissions incurred in connection with transactions for a Client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by SOI.

If clients are participating in the Wrap Program, such fees are typically included as part of the fee imposed by the Wrap Program. Detailed advisory and expense fee information about the Wrap Program is available in the wrap fee program brochure. The wrap fee program brochure is provided with this Brochure and is prepared specifically for prospective and current participants in the Wrap Program.

**C. Additional Information Regarding SOI's Fees**

The Agreement for separately managed accounts executed by Clients specifies that payment of SOI's management fees will be made by the qualified custodian directly from Client's custodial account. Further, the qualified custodian agrees to deliver an account statement to the Client, at least quarterly, showing all disbursements, including SOI's advisory fees, deducted from the account. The Client is encouraged to review all account statements for accuracy. It is the Client's responsibility (and not the custodian's) to ensure the fee and its calculation in relation to the Client's account is correct. Please note that the fees charged by investment company funds and the Client's custodian are exclusive of, and in addition to, SOI's investment advisory fee. Please refer to Item 5.B below.

An Agreement for a separately managed account may be cancelled at any time, by either party, for any reason, customarily upon receipt of 30 days written notice. The advance notice requirement for termination varies by agreement. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

**1. Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest**

A Client or prospective Client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) rollover the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If SOI recommends that a client rollover their retirement plan assets into an account to be managed by SOI, such a recommendation creates a conflict of interest if SOI will earn an advisory fee on the rolled-over assets. Clients are not under any obligation to rollover retirement plan assets to an account managed by SOI.

**SOI's Chief Compliance Officer, Ryan Yuhnke, is available to address any questions that a Client or prospective Client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**D. Outside Compensation**

Neither SOI, nor any of its supervised persons, engages in any outside business activity that would result in accepting compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, the Firm provides advisory services for a percentage of assets under management, in accordance with applicable law.

## **ITEM 7: TYPES OF CLIENTS**

### **A. Description**

SOI provides discretionary investment supervisory and management services on a continuous basis to individuals, high net worth individuals, corporations, charitable organizations and pension and profit-sharing plans.

### **B. Conditions for Managing Accounts**

The Firm generally requires a minimum initial investment of \$1,000,000 to open an account, which could be negotiable by the Firm in its sole discretion. However, the Firm reserves the right to accept or decline a potential Client for any reason in its sole discretion. Prior to engaging the Firm to provide any of the investment advisory services described in this Brochure, the Client will be required to enter into one or more written Agreements with the Firm setting forth the terms and conditions under which the Firm shall render its services.

There may be times when certain restrictions are placed by a Client, which prevents SOI from accepting or continuing to manage the account. SOI reserves the right to not accept and/or terminate management of a Client's account if it feels that the Client imposed restrictions which would limit or prevent it from meeting and/or maintaining its overall investment strategy.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

SOI's methods of analysis focuses on the following:

- Fundamental Analysis - analysis performed on historical and present data, with the goal of making financial forecasts); and
- Technical Analysis – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices.

SOI approaches investment analysis, portfolio design, and implementation from a client specific perspective that is generally geared towards long term growth. Investment plans and specific



portfolio recommendations are driven by internal factors such as the client's tax situation, overall risk tolerance, current financial situation, and personal goals.

**B. Risk of Loss**

Investing in securities involves a significant risk of loss which Clients should be prepared to bear. SOI investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the Client's account. There can be no assurance that the Client's investment objectives will be obtained and no inference to the contrary should be made.

Past performance is not indicative of future results. Therefore, Clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk.

Because of the inherent risk of loss associated with investing, the Firm is unable to represent, guarantee, or even imply that its services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

There are certain additional risks associated with the securities recommended and strategies utilized by SOI including, among others:

- **Market Risk**: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of Client investments. This is also referred to as systemic risk.
- **Equity (stock) Market Risk**: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If Client held common stock, or common stock equivalents, of any given issuer, Client would generally be exposed to greater risk than if Client held preferred stocks and debt obligations of the issuer.
- **Fixed Income Risk**: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Interest rate risk**: The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- **Reinvestment Risk**: The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.

- **ETF and Mutual Fund Risk:** When investing in a an ETF or mutual fund, Client will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Client will also incur brokerage costs when purchasing ETFs.
- **Management Risk:** Client's investment with the Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Opportunity Cost Risk:** The risk that an investor may forego profits or returns from other investments.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as SOI are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's or prospective Client's evaluation of SOI or the integrity of its management. While SOI does not consider the following information to be a material disciplinary event, we are providing details nonetheless in the spirit of full disclosure.

In June 2015, an arbitration claim was made by a former client against Mr. Ryan Yuhnke while he was associated with Morgan Stanley Smith Barney ("Morgan Stanley"). Mr. Yuhnke had voluntarily terminated his relationship with Morgan Stanley prior to the initiation of this proceeding. The claimant alleged unsuitable equity investments were made by Mr. Yuhnke despite realizing a substantial net gain to her portfolio. Without involving Mr. Yuhnke in the proceedings, and without admitting or denying the allegations, Morgan Stanley unilaterally chose to settle the matter with the claimant. Mr. Yuhnke was never asked nor required to contribute to any portion of the settlement payment agreed upon between the claimant and Morgan Stanley.

Additional details are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or are available upon request by contacting the Firm at (800) 520 - 0605.

**SOI's Chief Compliance Officer, Ryan Yuhnke, remains available to address any questions that a client or prospective client may have regarding the above.**

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Firm's owner, Mr. Ryan Yuhnke, serves as a licensed insurance agent/broker (California Insurance License # 0G36157). In this capacity, Mr. Yuhnke receives normal and customary commissions for insurance sales as an insurance agent. To the extent that Mr. Yuhnke recommends the purchase of insurance products where he receives commissions or other compensation for doing so, a conflict of interest exists because Mr. Yuhnke has an incentive to make recommendations based on the compensation received rather than on a client's needs. SOI

has adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to clients, the Firm and our representative's endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients through the Firm's Brochure, this Brochure Supplement, the client Agreement and/or verbally prior to or at the time of entering into an agreement with SOI. Clients are not obligated to implement any recommended transactions by the Firm. Should the client choose to do so, such implementations are not required to be made through any SOI representative or any particular insurance carrier.

Neither SOI, nor any of its management persons, are registered, or have an application pending to register, as a broker dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, a commodity pool trading advisor or an associated person of the foregoing entities. Further, SOI does not select other investment advisers to manage some or all of the Clients assets.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Description of Code of Ethics**

SOI is a fiduciary who owes its Clients undivided loyalty. This fiduciary obligation imposes upon SOI and its associated persons a duty to deal fairly and to act in the best interest of its Clients. In addition, this obligation imposes upon SOI and its associated persons numerous responsibilities, including the duty to render disinterested and impartial advice; to make suitable recommendations within the context of the total portfolio to Clients in light of their needs, financial circumstances and investment objectives; to exercise a high degree of care to ensure that adequate and accurate representations of its business and other information about securities are presented to Clients; and to not engage in fraudulent, deceptive or manipulative practices.

To this end, SOI has adopted a Code of Ethics ("Code") which establishes standards of conduct for the firm's supervised persons and includes general requirements that such supervised persons comply with the their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of Client information.

Because SOI's investment professionals and associated persons may transact in the same securities for personal accounts as they may buy or sell for Client accounts, it is important to mitigate potential conflicts of interest. As such, SOI has adopted personal securities transaction policies in its Code, which all of SOI's associated persons must follow. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. SOI will provide a copy of its Code of Ethics to any Client or prospective Client upon request. Please contact SOI at (800) 520-0605.

**B. Participation or Interest in Client Transaction**

SOI may from time to time effect cross transactions (selling a security on behalf of one Client and purchasing the same security on behalf of another Client) where neither SOI nor any affiliate acts as a broker on the transaction. Such transactions are limited to instances where, in the judgment of SOI, the transaction is in the best interest of both Clients. Any cross transaction will be effected at the mid-point between the bid and ask quote from the broker-dealer on the transaction.

It is SOI's policy not to enter into any principal transactions or agency cross transactions on behalf of Client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory Client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction.

Neither the Firm nor any related person recommends to clients or buys or sells for clients' accounts investments in which the Firm or any related person has a material financial interest.

SOI or individuals associated with SOI may buy or sell for their personal account(s) securities or investment products identical to those recommended to or already owned by Clients. Alternatively, SOI may cause Clients to buy a security in which SOI or such individuals have an ownership position. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the Client. Nevertheless, such practices present potential conflicts of interest. To mitigate these conflicts, SOI has adopted a Code of Ethics, which outlines the procedures regarding personal trading that must be followed (see details below). Additionally, as part of SOI's fiduciary duty to Clients, SOI and its supervised persons will endeavor at all times to put the interests of the Clients first and at all times are required to adhere to SOI's Code of Ethics.

**C. Personal Trading**

On occasion employees of SOI may buy for their own accounts securities which SOI also recommends to Clients. It is possible that officers or employees of SOI may buy or sell securities or other instruments that SOI has recommended to Client and may engage in transactions for their own account in a manner that is inconsistent with SOI's recommendations to a Client. Personal securities transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a Client.

In order to mitigate this conflict of interest and to comply with all applicable laws and regulations, SOI's Code of Ethics sets forth the professional and fiduciary standards that all associated persons must follow. The Firm's intention is to protect Client interests at all times and to demonstrate SOI's commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients. All associated persons are expected to adhere strictly to the policy and are required to follow specific procedures regarding personal trading, including:

- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Conduct all personal securities transactions in a manner consistent with the adopted policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Comply with applicable provisions of the federal securities laws.

SOI and its Associated Persons may also buy or sell specific securities for their own accounts based on personal investment considerations, which SOI does not deem appropriate to buy or sell for Clients.

## **ITEM 12: BROKERAGE PRACTICES**

When the Firm places orders for the execution of portfolio transactions for client accounts, transactions are generally allocated to the custodian for the client account.

The following discussion summarizes the material aspects of the Firm's practices for the selection of broker-dealers to execute Client transactions.

### **A. Discretionary Authority and Selection Criteria**

Except in limited situations where SOI permits clients to direct brokerage (as described below), SOI will have discretionary authority to make the following determinations without first obtaining client's permission for each transaction:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold.

All separately managed account clients are required to establish custodial accounts with a qualified custodian of record. SOI may only implement its investment management recommendations after the client has arranged for and furnished the Firm with all information and authorization regarding accounts with appropriate financial institutions to act as custodian. In addition, in most cases, a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should thoroughly consider, however, the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Factors which SOI considers in selecting custodians and broker-dealers include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by particular custodians and broker-dealers selected by SOI may be higher or lower than those charged by other custodians and broker-dealers.

SOI generally affects all transactions for separately managed accounts through the client's custodian. SOI periodically evaluates the commissions charged and the service provided by the

custodian and compares those with other custodians and broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians and broker-dealers. Other factors SOI may consider when evaluating its choice of custodian or broker-dealer include:

- Ability to trade mutual funds and other investments that SOI determines suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Excellent customer service;
- Interaction simplicity with the Adviser;
- Discount transaction rates; and
- Reliability and financial stability.

For those clients who select broker-dealers not recommended by SOI, clients should be aware that SOI may not be able to negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and that SOI will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution.

## **B. Best Execution**

SOI will generally seek "best execution" in light of the circumstances involved in transactions. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. SOI will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Consistent with the foregoing, while SOI will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

To ensure that custodians/brokerage firms selected by SOI are conducting overall best qualitative execution, SOI will periodically (and no less often than annually) evaluate the trading process and brokers utilized. This evaluation will include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

### **1. Economic Benefits of Being on the Schwab Platform**

SOI typically recommends that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan

sponsor or IRA accountholder. SOI is independently owned and operated and not affiliated with Schwab. Schwab provides SOI with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to SOI other products and services that benefit SOI, but may not benefit its clients' accounts. These benefits may include national, regional or SOI specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of SOI by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist SOI in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of SOI fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of SOI's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to SOI other services intended to help SOI manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to SOI by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SOI. While, as a fiduciary, SOI endeavors to act in its clients' best interests, SOI's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to SOI of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

**SOI's Chief Compliance Officer, Ryan Yuhnke, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

## **2. Directed Brokerage**

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

greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs SOI to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through SOI. Higher transaction costs adversely impact account performance. Please Also Note: Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**SOI's Chief Compliance Officer, Ryan Yuhnke, remains available to address any questions that a client or prospective client may have regarding a directed brokerage arrangement.**

### **C. Trade Aggregation and Allocation**

SOI typically effects transactions for each client account independently, and therefore is usually unable to aggregate client orders. However, when able to, the Firm may aggregate trades of accounts. Trade aggregation, or "bunching of orders," may result in better execution and/or better realized prices. Because SOI's Investment Management Services utilize various types of investments and securities, it may not be possible to bunch orders. Alternatively, even when possible, SOI may not be able to execute all shares of an aggregated trade because of prevailing market conditions and other variables, in which case the Firm will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. In certain cases, the Firm may not be able to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions. For clients requiring directed brokerage, the Firm may not be able to effectively "bunch" orders on the client's behalf, which could impact the possible advantage clients derive from the aggregation of orders.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Reviews**

Accounts are monitored on an ongoing basis, which includes detailed periodic reviews. The frequency of reviews is at the discretion of SOI, but accounts are typically reviewed not less than quarterly. Accounts are reviewed for performance, consistency with the investment strategy and Client objectives, and other account parameters in order to determine if any adjustments need to be made. Reviews are performed by SOI's Principal, Mr. Ryan Yuhnke.

### **B. Other Reviews and Triggering Events**

In addition to the periodic reviews described above, reviews may be triggered by changes in a Client's personal, tax or financial status. Account holdings also are reviewed when changing market conditions warrant such review. Clients are required to notify the Firm and its advisory representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

### **C. Regular Reports**



Written account statements are generated no less than quarterly and are sent directly from the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information, including any fees deducted from the account. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to carefully review all account statements.

In addition, clients may receive other supporting reports from mutual funds, trust companies, broker-dealers or insurance companies based on their involvement with the account and their applicable internal reporting requirements.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Incoming Referrals**

Currently, SOI does not have any solicitation or referral arrangements in place whereby the Firm compensates referring parties for these referrals. However, SOI may in the future enter into agreements with individuals and organizations, some of whom may be affiliated or unaffiliated with SOI, that refer clients to SOI. All such agreements will be in writing and comply with the applicable state and federal regulations.

### **B. Referring Clients to Third Parties**

SOI does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them by the Firm.

### **C. Economic Benefits Received**

#### **1. Economic Benefits of Being on the Schwab Platform**

As discussed under Item 12, SOI typically recommends that clients establish brokerage accounts with the Schwab to maintain custody of clients' assets and to effect trades for their accounts. Schwab makes available to SOI certain products and services that benefit SOI, but may not benefit its clients' accounts such as educational events, entertainment and other services. This arrangement gives rise to potential conflicts of interest, including the incentive to allocate securities transactional business to Schwab based on the receipt of such benefits. Please refer to Item 12 above for additional information.

#### **2. Additional Economic Benefits**

Additionally, as mentioned above, certain SOI representatives have outside business activities that provide additional compensation. Please refer to Item 10 above, and/or the respective representative's Form ADV Part 2B, for detailed information regarding the business activities, the compensation received, the related conflicts and how SOI mitigates such conflicts.

## **ITEM 15: CUSTODY**

Under federal regulations, SOI is deemed to have custody of Client funds or securities by reason of the fact that SOI has authority to debit its fees directly from the Client's account. To mitigate any potential conflicts of interests, all SOI client account assets will be maintained with an independent qualified custodian.

Additionally, certain clients have signed, and may sign in the future, a Standing Letter of Authorization (SLOA) that gives SOI the authority to transfer funds to a third-party as directed by the client in the SLOA. As a result, SOI will also be deemed to have custody in these cases. Normally, SOI would be required to engage an independent accountant to conduct a surprise audit of the client accounts for which we are deemed to have custody. However, the rules governing SLOAs exempt us from the surprise audit requirement if certain conditions are met by SOI and the respective custodian, which is currently the case.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to any account reports provided by SOI. SOI reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to SOI's practices and relationships with custodians.

Clients should understand that it is their responsibility, not the custodian's, to ensure that the fee calculation in their quarterly custodial statement is correct.

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

## **ITEM 16: INVESTMENT DISCRETION**

### **A. Discretionary Authority; Limitations**

Unless specified otherwise, SOI typically has full investment discretion over (1) which securities are to be bought or sold in Client accounts; (2) the amount of securities to be bought or sold in Client accounts; and (3) when transactions are made. This means that SOI does not have to obtain prior consent from the Client when investing Client assets. In addition, SOI's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. In some instances, SOI's discretionary authority may be limited by conditions imposed by Clients on SOI's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to SOI in writing. Please note that during extreme market conditions, in order to reduce risk in the Client's portfolio, it is possible for SOI to go to an all-cash position or make such other changes to client's investment strategies as may be appropriate in SOI's sole discretion.

### **B. Limited Power of Attorney**

By signing SOI's Agreement, Clients authorize SOI to exercise this full discretionary authority with respect to all investment transactions involving the Client's investment management account. Pursuant to such Agreement, SOI is designated as the Client's attorney-in-fact with discretionary authority to effect investment transactions in the Client's account which authorizes SOI to give instructions to third parties in furtherance of such authority.

### **ITEM 17: VOTING CLIENT SECURITIES**

SOI's policy and practice is to not vote proxies on behalf of its Clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a Client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, the Client retains the responsibility for receiving and voting all proxies for securities held within the Client's account. SOI shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a Client.

SOI typically does not advise or act for Clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in Clients' accounts.

### **ITEM 18: FINANCIAL INFORMATION**

SOI does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. SOI does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to Clients, and has not been the subject of a bankruptcy proceeding.

**SOI's Chief Compliance Officer, Ryan Yuhnke, remains available to address any questions that a client or prospective client may have regarding this ADV Part 2A Brochure.**