

## **Item 1: Cover Page**

Tower View Investment Management & Research, LLC

Form ADV - Part 2A

Disclosure Brochure

December 2020

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This Brochure provides information about the qualifications and business practices of Tower View Investment Management & Research, LLC (“Tower View” or the “firm”). If you have any questions about the contents of this Brochure, please contact Raman J. Ghei at 1.414.791.6834 or [raman@tower-view.com](mailto:raman@tower-view.com). 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.

Additional information about Tower View is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our current registration does not imply a certain level of skill or training.

## **Item 2: Material Changes**

Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients. Material Changes requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates, and any information that is critical to a client’s full understanding of who we are and how we do business.

We have updated Item 18, and updates to this item are considered material in all circumstances. Consequently, we encourage you to read this Brochure in its entirety.

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#### **A. Description of the Firm**

Tower View has been in operation since 1999. The firm is currently SEC registered. The vast majority of the assets of our clients are custodied with Charles Schwab & Co., Inc. Tower View was founded and remains solely owned by Raman J. Ghei. References to the Managing Director and Principal in this Brochure refer to Raman J. Ghei.

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

Tower View is a fee-based investment adviser. Some of the services we may provide to our clients include: managing investment portfolios for families, individuals, and companies, primarily personal, joint, custodial, trust and IRA accounts.

Tower View provides investment advisory services with respect to publicly traded securities, including stocks, bonds, exchange-traded funds (“ETFs”) cash and mutual funds. Clients must select a brokerage firm or other custodian to hold their investments.

We are typically paid a management fee which varies on a client-by-client basis. The fee is dependent upon either the amount of assets under management or is a flat or hourly fee, as agreed upon.

Our services are limited to investments in stocks, bonds, mutual funds and ETFs. We are not an accounting firm nor do any of our employees possess any accounting or financial planning certifications and we do not provide specific tax recommendations.

Tower View also can offer advice related to expiration dates and the exercising of stock options, along with monitoring of positions held in restricted stock accounts.

Tower View has a specific stock option and restricted stock disclosure policy and waiver which we ask clients to sign who are seeking that type of advice.

While Tower View will work with the client to administer the assets, ultimate responsibility for their management lies with the client.

In a small number of cases, Tower View has assumed an advisory, supervisory relationship with 529 providers. Tower View is the advisor of record and can receive duplicate statements, execute fund exchanges and assist the client with disbursing funds to their college of choice. These circumstances also could result in the client receiving a lower fee rate from the 529 provider and Tower View charging a fee to assist with these 529 plans. Tower View receives no compensation from any outside account provider, whether in the form of sales charges or shared fees. These accounts are included in our assets under management calculations.

## **C. Management of Client Accounts**

All investments in financial assets carry significant risk of volatility, and thus are subject to short-term and/or permanent loss of value and income.

With all clients we complete an Investment Matrix, Investment Policy Statement or Client Profile (or similar document) which outlines the targeted asset mix between cash, bonds and stocks for each account. Tower View’s Managing Director sets a target asset mix range for each

discretionary portfolio under our management. This range is set based upon his review of the information provided to us by the client, such as, but not necessarily inclusive of, age and investment horizon. This evaluation is subjective in nature and can be broadly interpreted. The targeted asset mix range is communicated to the client in writing, and the client may respond, if they see fit, with any questions or concerns. In addition, a reminder is included in each client's billing statement to contact us with any changes in their financial condition that they believe we should be aware of that could influence their investments.

The targeted mix also depends on the complexity of the overall household relationship, in terms of the number of accounts it consists of and/or other factors. We do not maintain client portfolios in composites for investment purposes, but rather use a targeted asset mix for each account. We do not as a matter of practice "re-balance" accounts when asset mixes fall outside their targeted ranges due to changes in market conditions unless the variance is such that a more detailed review or discussion is warranted. If a client makes a large deposit or withdrawal, we will review the asset mix and determine if changes are warranted, and if so, communicate this to the client. We also limit changes to asset mixes if capital gains will be realized unless the client directs us to make the change or we feel that the client circumstances warrant such a change.

In addition, we do not as a matter of practice undertake "tax swaps" or loss harvesting unless the client specifically requests this action. We will however, as part of our ongoing review of portfolios, monitor gains/losses in taxable accounts and in certain circumstances not sell an entire position of a stock with a large gain, or defer the sale into the next tax year, or review if a suitable swap candidate exists for a position showing a loss.

We manage investment portfolios on both a discretionary and non-discretionary basis. Non-discretionary portfolios are primarily limited to those 529s and employer sponsored 401(k)s for which the client has asked us to assist with administration and review but over which we do not have discretionary powers nor the ability to facilitate trades or other account specific actions. For the purposes of our typical discretionary portfolio management service, Tower View has the discretion to determine without first obtaining client consent which and how many securities are to be purchased or sold in each account.

Notwithstanding the foregoing, clients may place reasonable restrictions upon the types of investments to be held in the portfolio, provided that such restrictions are clearly communicated. Tower View maintains the authority to accept or reject these restrictions.

Client portfolios are generally invested in one or more of several different model portfolios (such as Mutual Funds/ETFs, Stock Yield, etc), but not every client will be invested in the entire model or at the same position weightings. These differences may be due to timing of the inception date of the relationship, available cash, the size of the account, whether the account is managed on its own or as part of a household, and tax reasons. For more details on your particular account and or household, please discuss with us directly.

It is common for portfolios to hold uninvested cash at times as positions are sold and the proceeds may not be immediately reinvested. In addition, if there are regular withdrawals from an account cash reserves will need to be maintained and if there is the likely need for larger ad hoc distributions, cash reserves will also need to be maintained. Cash reserves or their equivalents will likely impact portfolio returns and may generate no rate of return.

As a result, there has been and will likely continue to be significant variance in portfolio composition and performance between accounts, even if they have similar investment objectives.

In addition, it is not uncommon for clients to be invested in a combination of individual stocks, stock mutual funds/ETFs, bonds and bond mutual funds.

Aside from the client circumstances discussed above which will ultimately drive the final mix of these investments, other mitigating circumstances might include, but are not limited to, client preferences, the time the client has been with Tower View, low cost basis securities, liquidity needs, taxes and time horizon.

Regardless of the ultimate target asset mix selected, each new client is provided a summary of the investment plan for each account and has the opportunity to review it and provide further feedback or input if they believe the plan should be adjusted.

We do not normally attempt to change investment mixes in response to changing market conditions, political situations or other macro or micro-economic events. We typically make changes to portfolios based upon our assessment of the attractiveness of the individual securities and/or funds we are invested in or considering for investment.

We periodically run weighting and exception reports in an effort to ensure all suitable clients are included in new investment ideas, but not every stock or fund is suitable for every client, and the ultimate determination is at our discretion. We use a best efforts approach to include all clients at targeted weightings, but these weightings will vary based upon account inception date, cash available, tax considerations and cash reserves for clients who regularly withdraw money.

Clients should understand there are inherent complexities in the investment of separately managed accounts for a very diverse client base and thus there will always exist wide variances in the composition of client portfolios.

#### **D. Wrap Fees**

Tower View does not currently participate in Wrap Fee programs.

## **E. Assets Under Management**

As of December 31, 2019, Tower View managed approximately \$169,000,000 on a discretionary basis and had zero accounts on a non-discretionary basis.

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

### **A. Management Fees**

Tower View typically charges annual management fees of up to 1.25% of a client's assets. Actual fees vary by a client's assets under management and other considerations, but will at no time exceed 1.25% of assets, aside from any additional per project or unusual charges, which are agreed upon in advance and discussed below. The specific manner in which fees are charged is established in a client's written agreement with Tower View.

Fee rates are subject to negotiation and may be adjusted based upon the size of the account(s), the desire on the part of the client to maintain a more active or passive advisory relationship, the length of time the person has been a client, the number of related family accounts that are part of the relationship and the general complexity of the relationship.

In addition, fee rates are subject to change over time and any such changes will be communicated in advance to the client in writing.

### **B. How Management Fees are Paid**

Clients can choose to have their management fees deducted from their account(s), or they can pay by check. Management fees are billed on a quarterly basis.

Management fee(s) are paid in advance for each quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be refunded, and any earned, unpaid fees will be invoiced according to the remaining number of days in the quarter.

Additionally, clients can, for any reason, cancel their management agreement within the first five (5) business days of execution, without incurring any advisory fees, including, but not limited to, our failure to provide our firm's ADV disclosure brochure at least 48 hours prior to signing the investment advisory contract.

Tower View maintains internal billing policies, a copy of which will be provided to clients at any time upon request. Clients are solely responsible for determining the tax deductibility of any paid fees, and Tower View does not provide tax opinions on this subject nor do we evaluate the suitability of any fee payment instructions provided to us by the client.

### **C. Other Fees**

Tower View's management fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which could be incurred by the client. Clients could incur certain charges imposed by custodians and brokers, such as transfer fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts, ADR holdings and securities transactions.

### **D. Administrative Fees**

Tower View does not currently charge clients a per brokerage account administrative fee. However, investment management agreements have in place hourly charges for client requested special projects. In the event these charges are likely to be incurred, the potential charge will be discussed with the client ahead of time and the client will be provided with a separate invoice.

### **E. Other Compensation**

Tower View does not accept any sales charges or compensation for the sale of any securities or investment products.

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

"Performance-Based Fees" are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. Tower View does not currently maintain any client relationships, nor is it seeking any, that are charged performance-based fees.

## **Item 7: Types of Clients**

### **A. Brokerage Accounts Custodied at Charles Schwab Institutional**

We access these accounts through the Schwab system to trade and invest the assets and assist with other administrative matters. Tower View provides services to individuals, businesses, pension plans and other investment advisers. Tower View does not have a minimum relationship size, and currently has clients with assets under management exceeding \$5 million and below \$100,000.

### **B. Outside 401(k)s, Stock Options, Restricted Stock and 529s**

Due to the inherent complexity of 401(k)s, Stock Options, Restricted Stock and 529s, Tower View helps with reviews of client's accounts of these types, if asked by the client. These accounts are not linked to Tower View's institutional relationship with Schwab. Tower View offers advice



on how to allocate 401(k) and 529 investments, based upon trying to limit investment management costs to the client and to tailor the investment objectives and risk tolerances of the client to these outside accounts.

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

### **A. Types of Analyses & Investments**

While not every investment is ultimately held for a long period of time, our goal is to be a long-term investor and we do not initiate trading or market timing trades in accounts. We seek to invest in companies (and funds which hold such companies) which we believe have balance sheets which do not pose risks to the company as a going concern, growth prospects which can support the current valuation and market positions which have competitive strengths. All of those characteristics, however, are subjective in nature and do not guarantee positive returns. We will sell securities when they reach what we believe to be full or overvalued levels or we have concerns about their growth prospects, balance sheet or competitive positions. The final determination for these factors is based upon the opinion of Tower View and is very subjective and we do not adhere to any strict valuation criteria or quantitatively driven models or methodologies, and our opinions will vary over time.

Our type of investment strategy is often referred to as “bottoms up” as it is stock or fund specific and not driven by economic forecasts or other “top down” macro-economic factors.

We would consider ourselves to be active investment managers, in that we are not seeking to simply replicate the holdings of a particular stock or bond market index (such as the Russell 1000), although we typically hold more passively managed ETFs and/or mutual funds in most client portfolios.

It is solely at the discretion of the Managing Director to determine/decide which investments he believes are suitable for clients and which are not. We do not follow strict growth/value/momentum or other strategies and methodologies, and therefore there is a wide variance in the types of investments we will make. Suitability is a highly subjective issue and the selection criteria the Managing Director uses to determine which securities to purchase for clients is solely at his discretion.

In portfolios holding individual stocks, we typically invest in a mix of three different types of stocks: those we consider larger and more mature, those we consider more growth oriented and those which we consider higher risk/emerging. We also can invest internationally in both developed and emerging markets via both ADRs and direct ordinary shares. We also can invest in companies with small market capitalizations of under \$100 million and large companies with market capitalizations over \$500 billion. We can invest in companies which are not profitable.

In portfolios holding ETFs (exchange traded funds) and or mutual funds, we typically seek to invest in more “passive” funds in order to limit fund expenses. Due to the inherent nature of mutual funds and ETFs, not all the individual holdings in those ETFs/Funds would normally meet all our selection criteria and in fact they can include securities we would typically not hold in portfolios. We believe however, that the overall diversification provided by these funds/ETFs outweigh this potential negative factor. The ETFs and mutual funds held in portfolios are selected with the goal of being diversified by company size, market sector, and geography and focus on the areas one finds most attractive.

Our investment processes inherently contain risks of significant loss, but also incorporate other risks such as foreign currencies and liquidity.

Tower View’s method of security analysis relies heavily on personal opinions, publicly available financial publications and company provided materials. We do not use technical analysis, create earnings models, visit companies or typically communicate with analysts or investment relations departments. While the mutual funds and ETFs we invest in would generally be considered “passive” investments, Tower View uses an active management style which involves looking at various stock markets around the world to identify the stocks, bonds and mutual funds which we believe represent good long-term investments.

Individual bond purchases are selected using the same methods as equities, with a reliance on generally available ratings of credit quality. A significant portion of bond investments are made via bond mutual funds, including taxable, government, municipal and high yield (below investment grade) bonds. Before purchasing individual bonds in a portfolio, we will review the bond’s credit rating - either investment grade or below investment grade - and also the composition of a client’s portfolio. The bond portfolio, like the stock portfolio, is diversified by type of issuer and maturity schedule, and therefore maximization of yield is rarely the determining factor in a bond purchase. Individual bonds are purchased through Charles Schwab’s trading department, and thus we rely on their offerings.

All investments in financial assets carry risks including but not limited to: market risk, transaction costs, poor investment choices and unexpected changes in one’s personal circumstances, requiring portfolio shifts at inopportune times. Investing in securities involves risk of loss that clients should be prepared to bear.

## **B. Risks**

**Investments with Tower View carry significant risk of volatility and thus are subject to potential, short-term and/or permanent loss of value and income.** Tower View invests in foreign stocks and below investment grade bonds which carry additional currency, credit and liquidity risks.

**Climate change represents an emerging risk factor for investors in financial assets, such as stocks, mutual funds and bonds.** At this time it is difficult to determine what the ultimate impact might be, but could include, among other things, reduced company profits and dividends due to rising costs associated with limiting chemical and other emissions, changing consumer buying patterns due to environmental concerns and new laws and regulations, slower global GDP growth and more restrictive trade policies as countries seek to penalize countries that they believe are heavier polluters. These factors could reduce future returns for investors and create higher levels of credit risk and market volatility.

**In addition, clients are subject to the following set of risks, which is not meant to be a complete list of all the risks an investor can face when investing in any of these types of securities.**

**a. Mutual Fund Risks:**

Mutual funds are subject to investment advisory, transaction, marketing, operating and other expenses. Each mutual fund is also subject to specific risks related to the nature of its investments. The value of the fund's underlying investments and the NAV of the fund will fluctuate along with changes in market prices and conditions.

For more information, we encourage shareholders to review the fund prospectus. In addition, different funds held by the Client can purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager of the fund can deviate from the stated mandate or strategy of that fund, which could make the holding(s) less appropriate for the client's portfolio.

**b. Equity Security Risks:**

Clients with all or a part of their accounts invested in equity-focused mutual funds and individual equity securities are subject to the following risks, among others:

*i. Stock Market Risks:*

Investments in stocks are subject to fluctuations in the stock market, which can rise or fall sharply in value over short periods of time. Stocks are historically more volatile than bonds. We also invest in smaller companies (determined by either sales, market value or both), and generally a company with smaller market value has fewer shares traded daily, making the stock less liquid and its price potentially more volatile, and this can negatively impact the price paid or received when trading in it. Companies with smaller market values also tend to have shorter track records, a limited product or service base and a limited access to capital. These factors can increase the risk that these companies could suffer poor results or fail.

*ii. Foreign Investing Risks:*

Investments in foreign companies, via either ADRs or purchase of ordinary shares, and ETFs or mutual funds which hold foreign stocks carry a number of economic, financial and political risks above and beyond those of U.S. companies and markets, which could unfavorably affect account performance. The potential risks are greater price volatility, weak supervision and regulation of securities exchanges, brokers and issuers, higher brokerage costs, fluctuation in foreign currency exchange rates and related conversion costs, adverse tax consequences, and settlement delays, among others. Moreover, dividend payments from the company are subject to currency risks, if the dividend is paid in a currency that is declining in value against the dollar, the dividend would be worth less to a U.S. resident. Additionally, if a country's currency falls in value, this decline will result in a decrease in the value of your ADR or direct foreign stock holding, even if the stock in local currency terms were to remain stable.

**c. Fixed Income Securities:**

Client accounts with all or a portion of the assets and/or mutual funds whose underlying assets are invested in fixed income are subject to the following risks:

*i. Interest Rate Risks:*

Prices of fixed income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, the prices of fixed income securities fall. Fixed income securities with longer maturities are generally more affected by interest rate changes, as they carry what is known as a longer duration.

*ii. Credit Risks:*

Credit risk is the possibility that an issuer will default on a security by failing to pay interest or principal when it is due. If an issuer defaults, a fund holding securities of that issuer can lose money, and investors with direct holdings in that bond will also likely lose money. Fixed income securities with higher credit risk typically have lower credit ratings, and at a certain rating level are considered speculative.

*iii. Call Risks:*

Fixed income securities with a call date (callable bonds" can be redeemed (or called) by the issuer before maturity. A fund that invests in callable bonds that are called, could have to reinvest the proceeds in securities that pay a lower interest rate, which can decrease the portfolio's overall yield. This is more likely to happen when interest rates are falling.

*iv. Liquidity Risks:*

Liquidity risk refers to the possibility that a fund or investor would not be able to sell or buy a bond at a favorable price or time. Consequently, the fund could have to accept a lower

price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on the investor's performance.

*v. Below Investment Grade Bond Risks:*

Low rated/high yield securities (sometimes called Junk Bonds) are rated below investment grade, and thus tend to be more sensitive to economic conditions than higher-rated securities and generally involve more credit risk than bonds in the higher-rated categories. The risk of loss due to default by an issuer of below investment grade bonds is significantly greater than investment grade bonds because such securities are generally unsecured and are often subordinated to other creditors. Below investment grade bonds can also have liquidity risk. A fund can have difficulty disposing of certain below investment grade bonds because there can be a thin trading market for such securities due to there being fewer potential buyers. This would be especially true during periods of economic and/or market stress.

*vi. Municipal Bonds Risks:*

Municipal bonds are subject to risks, including economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other factors. The value of municipal bonds can also be affected by liquidity risk, credit risk and market interest rate risk. Repayment of municipal bonds depends on the ability of the issuer or project backing such securities to generate taxes or revenues. There is a risk that the interest on an otherwise tax-exempt municipal security can be subject to federal income tax.

**C. Exchange Traded Funds (ETFs)**

ETFs are investment funds that can track an index, commodity, currency, or sector and are traded like common stock on a stock exchange. They experience price changes throughout the day as they are bought and sold. ETFs try to replicate the performance of their corresponding index, but there is no guarantee that the prices paid or realized for an ETF will match the underlying value of the holdings in the fund, particularly during times of market stress or reduced liquidity. In addition, as we do not control the underlying investments in a fund or ETF, and managers of different funds held by the client can purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager of the fund or ETF can deviate from the stated strategy of that fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**D. Cyber and Identity Theft Risks**

Although Tower View makes every attempt to monitor client accounts, we cannot guarantee that if an account becomes compromised at the Schwab website by an authorized or unauthorized person, that the firm would discover such an event. While Schwab maintains protections against

unauthorized access, it does not cover anyone you have provided your credentials, including authorized family members, etc.

In order to limit some of these risks, Tower View provides its clients with potential suggestions to improve the security of both their Schwab and email accounts. Likewise, if a client chooses to custody their assets elsewhere, Tower View would be unable to monitor the account.

Tower View also currently holds a cyber security insurance policy which, within the terms and limitations of the policy, could assist clients in the event a cyber breach occurred at Tower View.

As a matter of policy Tower View does not reimburse clients for cyber security and or identity theft losses, and clients should recognize that despite our best efforts in this area, there can be no assurances that a cyber breach can be avoided.

Clients are strongly encouraged to immediately contact us in the event they believe any of their personal information has been compromised at Schwab or any other financial institution or their email has been hacked. Charles Schwab maintains a 24 hours, 7 days a week Fraud hotline that clients should immediately call with any concerns. That number is 1.877.862.6352.

#### **E. Disaster Recovery**

Tower View maintains disaster recovery plans and procedures. Clients may request a copy of this at any time.

#### **F. Key Man Risk**

As a small firm, should our Managing Director become incapacitated in any way, it could be difficult for us to remain operating as an investment advisor for any extended period of time. While we have procedures in place to assist clients during such a transition, and we are continually looking at ways to mitigate the impact on clients of such a transition, there can be no guarantee that clients would not experience levels of disruption. That being said, because the majority of our managed assets are custodied at Charles Schwab, client access to their investments and other funds would not be impacted by key man risks at Tower View.

### **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of the firm or the integrity of the firm's management in this item.

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

Tower View does not maintain any informal or formal referral relationships with any other professional practices, brokerage firms or investment advisers, nor any non-financial firm.

No one at Tower View has plans to become a broker dealer or commodity broker. Further, no one at Tower View has relations with any of the following entities which we believe would create a potential conflict of interest:

1. Broker dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company, or an offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchants, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships

Tower View does not recommend nor select outside advisers for clients, other than those included in the firm's business continuity planning.

## **Item 11: Code of Ethics**

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

Tower View's Code of Ethics contains policies and procedures to address conflicts of interest. While we do not believe that there are any present conflicts that pose material risks to the firm's

interests, there are some potential conflicts that are inherent in the firm's structure and activities. We utilize procedures to mitigate their effects.

Tower View uses an internal Code of Ethics (the "Code") which, in general terms, forbids any practices which are either illegal or against the best interests of our clients. The Code generally sets the standard of ethical and professional business conduct that we require of our Supervised Persons, requires Supervised Persons to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by certain Supervised Persons deemed access persons under applicable regulations. Additionally, the Code sets forth Tower View's policies and procedures with respect to material nonpublic information and other confidential information, and the fiduciary obligations that we and each of our Supervised Persons owes to every advisory client.

We will provide a copy of the Code to any existing or prospective client upon request.

## **B. Personal Trading & Potential Conflicts of Interest**

Tower View employees, as well as the Principal/Managing Director and his family, may purchase or sell the same securities we purchase for our clients, within the confines of the firm's personal trading restrictions and procedures. Tower View's employees and the Managing Director routinely invest in the same securities as clients, which ensures employees and clients share a vested interest in the security's performance. Notwithstanding, employees must designate Tower View as the investment adviser with discretionary authority over the account's trading activity.

All individual stocks (but not all mutual funds) purchased for clients are held in the investment portfolio of the Managing Director, and the majority of them are also held in portfolios of his immediate family. The Managing Director and his immediate family follow different trading policies, and for purposes of this section, are not considered employees.

Employees may also participate in client block trades if the Managing Director believes that clients are not likely to be harmed by the employee's participation in the block trade.

From time to time, the Managing Director may hold a position in a security which subsequently becomes a model portfolio holding. If the security becomes a model holding within one week of his initial purchase, he will sell his position prior to adding it to client portfolios, and then repurchase it afterwards.

It is solely at the discretion of the Managing Director to determine/decide which investments he believes are suitable for clients and which are not. The Managing Director may purchase securities for himself and his family which are not purchased for clients. Suitability is a highly subjective issue and the selection criteria the Managing Director uses to determine which



securities to purchase for himself and his immediate family and for clients is solely at his discretion.

Tower View maintains a Code of Ethics and Personal Trading Policy (The Code) which governs personal trading by Tower View employees and the Principal. The Code, among other items, requires employees and the Managing Director to adhere to ethical standards established by the firm and requires all employees, the Managing Director and their immediate families to periodically provide the Managing Director/Chief Compliance Officer and the VP of Operations with reports of any and all personal security holdings and transactions.

Particular trading rules apply to the Managing Director of Tower View and his immediate family. For these accounts, the Managing Director often trades in securities which are both included and not included in client accounts. The Managing Director believes that these maintenance trades do not interfere with or impact client accounts.

Tower View is aware that personal trading can potentially create conflicts of interest and thus has put the following procedures in place:

1. Day trading will not be initiated.
2. Investments will only be made in securities held in the model on days when either there is no accompanying block trade for clients or only after the block trade has been completed.
3. Schwab institutional trading will not be used for trades executed in the primary investment accounts of the Principal of Tower View and his immediate children and family.
4. All employee trades are reviewed for adherence to compliance rules.
5. Tower View also reviews all block trades to make sure the Principal's (and his immediate family) trades were placed after the block trade was completed, and Tower View also reviews all trading within the Principal and his immediate family's accounts to ensure they adhere to the personal trading rules.

### **C. Company Retirement Plan**

Tower View maintains a company sponsored 401(k) plan for its employees. These accounts are invested using ETFs, model portfolio holdings and mutual funds. These accounts are generally invested along the same lines as other 401(k) and small mutual fund accounts maintained by clients. While we could have an incentive to favor the 401k plan over clients, we and/or our compliance consultant review all trades for potential violations of our compliance policies and industry rules and thus we believe the potential for favoring these accounts is minimized.

Management of Friend and/or Family Accounts

*Last Revised: December 2, 2020*

Tower View manages some investment accounts for individuals deemed friends or family members (other than the Principal's immediate family, which are covered by separate trading rules, as noted above in Part B), all of which are standard investment relationships. While this could create some conflicts of interest, we believe that since these accounts are managed on an arm's length basis - using the same trading rules, management agreements, investment objectives and model portfolios as our other clients - the conflicts of interest are managed in a way that does not negatively impact our other clients, nor positively affect the friend or family member. Accounts managed for the Principal's immediate family are not managed under the supervision of Tower View, except for monitoring activity to make sure they meet our compliance trading rules.

#### **D. Rollover Choices for 401(k)s**

Tower View may discuss the potential for current and prospective clients to roll-over previous work-related 401(k)s to a Tower View managed IRA. Clients and prospects are made aware that they may leave said assets at their current custodian and should review carefully the investment choices available there and the fees and expenses associated with such plans, before rolling those assets to a Tower View managed IRA. In addition, clients and prospective clients may also roll said assets to their new employer's plan, which might allow for other benefits. Tower View will review the various costs and investment choices at both the former and current employer, with the client or prospect, in order to help them make the appropriate choice. Additionally, Tower View provides a Rollover Disclosure form to clients rolling IRA and/or 401(k) assets to a Tower View managed IRA.

#### **E. Independent Contractors**

Tower View currently and has traditionally utilized a small number of independent contractors to provide ancillary services, such as book-keeping, research and administrative functions. In some cases, these independent contractors have also been clients of Tower View and may in the future as well. While this could create some conflicts of interest, we believe that since these accounts are managed on an arm's length basis - using the same trading rules, management agreements, investment objectives and model portfolios as our other clients - the conflicts of interest are managed in a way that does not negatively impact our other clients, nor positively affect the independent contractors.

#### **F. Owner and Principal of Tower View as CCO**

This dual role includes supervision of employee actions, monitoring of trading and other client issues and enforcement of Tower View's compliance policies. The circumstance creates a conflict of interest based upon "self-enforcement." To mitigate this conflict, the Principal is not allowed to use Schwab institutional systems for the management of his and his immediate family's accounts. Tower View also monitors the Principal's personal trading and company block trading for compliance with our stated rules. We also utilize the outside services of a compliance consulting firm to evaluate our practices and procedures.

## **Item 12: Brokerage Practices**

Tower View periodically reviews the services of different broker dealers with the goal of determining if Charles Schwab's offerings and pricing remain competitive with similar alternatives that would be available to our clients. As part of our Best Execution Policy (available upon request), we review factors such as commission rates, pricing, customer service, educational resources, research offerings and other factors.

### **A. Research & Soft Dollar Benefits**

Tower View does not maintain nor intend to start any soft-dollar arrangements, whereby we would receive specific services that would normally be purchased in "hard dollars," in exchange for directing client brokerage commissions to brokers other than Schwab.

Tower View recommends that clients establish brokerage accounts with the Schwab Institutional Division of Charles Schwab & Co., Inc. (Schwab) to maintain custody of clients' assets and to settle trades for their accounts. However, Tower View could recommend its clients utilize other qualified broker/dealers in an effort to obtain access to other securities not available through Schwab. Although Tower View commonly recommends its clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with them. Tower View is independently owned and operated and thus not affiliated with Schwab.

Schwab provides Tower View with access to its institutional trading and custody services which typically are not available to Schwab retail investors. These services are not contingent upon Tower View committing any specific amount of business with Schwab (i.e. assets in custody or trading commissions) other than Schwab's internally determined minimum sizes for an institutional relationship. Schwab's brokerage services include the execution of security transactions, custody, research, and may include access to mutual funds and other investments that are otherwise typically only available to institutional investors with a higher minimum initial investment. Tower View does benefit from these services, some of which might otherwise incur a cost to the firm if we did not custody with Schwab.

For Tower View client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees, such as on cash deposits, for securities trades that are initially executed through Schwab or that settle into Schwab accounts.

### **B. Use of Commissions to Gain Clients**

Tower View does not direct any brokerage commissions in exchange for client referrals.

### **C. Directing Trades to Brokers of the Client's Choice**

Clients are permitted to select a custodian other than Schwab to execute their trades and custody their investments. In making such an instruction, the client may lose any savings on execution costs that Tower View could obtain for other clients, such as cost savings from negotiated commission discounts. Clients who use different brokers may also receive higher or lower transaction prices or commission rates. Tower View does not allow clients who are custodied at Schwab to direct trades to a specific outside broker.

### **D. Trading Practices**

Tower View typically makes adjustments to client portfolios in one of two ways:

#### **a. Maintenance Trades:**

Certain positions are added to or trimmed, based upon clients depositing or withdrawing money, if position sizes fall outside a targeted range, if client objectives change, or if bonds mature or are sold and require reinvestment, among other reasons. These trades are done on an account by account basis and generally speaking adhere to the model portfolio(s) most appropriate for said relationship.

#### **b. Model Driven/Block Trades:**

When a change is made to the model portfolio, when practical client trades in the same security will be bunched in a single order (block) in an effort to obtain the same security price for all clients and reduce the time needed to make the change in all client portfolios. In some cases, we may purchase new or additional positions in a stock on an account by account basis if the number of accounts participating in the trade is modest relative to our total accounts under management. If a block trade is executed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given block were executed. If the block order is not filled by day-end, Tower View will allocate shares executed to underlying accounts on a pro-rata basis subject to client trading costs; i.e. we are likely to sell the entire position in smaller accounts and partial positions in larger accounts. It is expected that this trade aggregation and allocation policy will be applied consistently. However, Tower View may deviate from this policy at its discretion if market conditions or other factors dictate otherwise. Furthermore, not all clients will participate in block trades or participate to the same extent depending upon tax issues, available cash, account specific parameters and other possible mitigating circumstances. For instance, we may decide to add or reduce a position by a 1% portfolio weighting. In smaller accounts, this 1% change may be very small, and we may decide not to include smaller accounts in the position size change.

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

In general, investments in client accounts are reviewed on a daily basis by Tower View's Managing Director with consideration of company conditions, capital markets and recent economic and market developments. Each individual asset is also continuously monitored using various databases and research sources.

Additionally, the Managing Director periodically reviews each client's account to monitor cash levels, asset allocation and position sizes. Clients receive both brokerage statements from their custodian and Quarterly Statements from Tower View. Tower View statements always include the client's billing statement(s) and typically include a letter discussing strategy or other issues deemed of interest or relevancy.

Every six months, a Performance Summary is also usually included (for clients once they have passed their one-year anniversary with Tower View) which is generated by the Envestnet Portfolio Center software and is based upon Portfolio Center's performance calculations for time weighted returns. Clients may also elect to have the statements from their custodian sent to them electronically via email. Clients are encouraged to review all correspondence for errors and omissions and contact Tower View if any are found.

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

We do not pay any compensation to outside sources for referrals, nor do we currently have any solicitation agreements in place.

### **Item 15: Custody**

Clients should receive account statements from their broker-dealer, bank, or other qualified custodian. Clients also receive account statements from Tower View which include an excerpt urging them to compare the account statements they receive from the qualified custodian with those they receive from us. Clients are encouraged to compare the statements received from their custodian with any reports received from Tower View for discrepancies.

Tower View does not have the ability to withdraw funds from client accounts for personal use, but does access client accounts for trading purposes and the payment of management fees, as authorized by the client.

Tower View recommends clients initiate money transfers: 1) online at Schwab.com by logging into their accounts or using the Charles Schwab app; or 2) calling Schwab directly at 1.800.515.2157.

However, at times Tower View assists clients in implementing one-time and/or recurring orders which enable Schwab to transfer funds to the client's bank or issue checks to be sent to the

client's address of record or other desired payee. Any role played by Tower View is purely administrative in nature and often entails making sure the client's directions are properly carried out by their Custodian. You may request a copy policy which details what we can and can't help with.

## **Item 16: Investment Discretion**

Tower View primarily manages investment portfolios on a discretionary basis. Therefore, Tower View has discretionary authority to determine, without obtaining specific client consent, both which and how many securities are to be purchased or sold in each account deemed discretionary.

Tower View also is able to assist with accounts on a non-discretionary basis, on a case by case basis, depending upon the relationship desired by the client.

Clients are able to impose reasonable limitations on this discretion - such as the retention of certain securities - but these limitations must be clearly communicated. As part of our discretionary authority, clients sign a Limited Power of Attorney with Schwab granting Tower View trading and fee paying authorization. A Tower View Management Agreement is also signed by our clients.

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

Tower View does not vote proxies on behalf of its clients. Rather, all proxy materials should be sent directly to clients who are then responsible for voting proxies.

## **Item 18: Financial Information**

Tower View does not require payment of any fees more than three months in advance, and currently does not have any material concerns related to its financial condition nor its ability to meet its contractual obligations to clients.

During 2020 Tower View received an SBA sponsored PPP loan in the amount of approximately \$42,000. This loan was taken in response to the economic uncertainty surrounding the pandemic and sharp drop in the markets early in the year.