

# MMA Asset Management LLC

## **Firm Brochure**

### **Form ADV Part 2A**

MMA ASSET MANAGEMENT LLC  
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**December 21, 2020**

This brochure provides information about the qualifications and business practices of MMA Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at 212-345-1739 or MMCSecuritiesCompliance@mmc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

You can find more information about MMA Asset Management LLC on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). References herein to MMA Asset Management LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Material Changes

Item 2

Centurion Asset Management, LLC was renamed to MMA Asset Management LLC on December 2, 2020. There have been no other material changes to this Brochure since the firm's last amendment filing on March 30, 2020.

## Table of Contents

Item 3

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

MMA Asset Management LLC, formerly known as Centurion Asset Management, LLC (the “*Firm*”), is a limited liability company with headquarters in Conshohocken, PA. The Firm is owned by Marsh & McLennan Agency LLC (“*MMA*”). The Firm began conducting business in 2009 and became registered as an investment adviser firm in November 2010. Centurion Asset Management, LLC was renamed to MMA Asset Management LLC on December 2, 2020.

### **Overview of Firm's Services**

The Firm provides discretionary and/or non-discretionary investment advisory services on a *fee* basis. The Firm's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Firm's management, generally between negotiable and 1.25%.

The Firm's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined at the sole discretion of The Firm), the Firm may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

### **Consulting and Financial Planning Services (Stand-alone)**

The Firm provides consulting and/or financial planning services (including investment and non-investment related matters) on a stand-alone separate fee basis. The Firm's consulting and planning fees are negotiable; are charged either on a fixed fee basis or on an hourly rate basis ranging from \$100 to \$350, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Firm to provide planning or consulting services, clients are generally required to enter into a *Consulting and Financial Planning Agreement* with the Firm setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to the Firm commencing services. If requested by the client, we recommend the services of other professionals for implementation purposes, including certain Firm's representatives in their individual capacities as registered representatives of MMA Securities LLC (“*MMAS*”), a FINRA member broker-dealer and an affiliate of the Firm, and/or in their individual capacities as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Firm.

If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not the Firm, shall be responsible for the quality and competency of the services provided. It remains the client's responsibility to promptly notify the Firm if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Firm's previous recommendations and/or services.

### **Non-Investment Consulting/Implementation Services**

For certain clients, the Firm provides consulting services regarding non-investment related matters, such as

estate planning, tax planning, insurance, etc. Neither the Firm, nor any of its representatives, serves as an attorney or accountant and no portion of the Firm's services should be construed as same.

At times, when appropriate, the Firm recommends the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain representatives of the Firm in their separate registered/licensed capacities as discussed in Item 5 and above. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Firm.

If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not the Firm, shall be responsible for the quality and competency of the services provided.

### **Inverse/Enhanced Market Strategies**

When appropriate, the Firm utilizes long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Firm, in writing, not to employ any or all such strategies for their accounts.

### **Non-Discretionary Service Limitations**

Clients that determine to engage the Firm on a non-discretionary investment advisory basis must be willing to accept that the Firm cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event that the Firm would like to make a transaction for a client's account, and client is unavailable, the Firm will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's verbal consent.

### **Use of Mutual and Exchange Traded Funds**

Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by the Firm independent of engaging the Firm as an investment advisor. However, if a prospective client determines to do so, he/she will not receive the Firm's initial and ongoing investment advisory services. In addition to the Firm's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

### **Portfolio Activity**

The Firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the Firm will review client portfolios on an ongoing basis to determine if any

changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when the Firm determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by the Firm will be profitable or equal any specific performance level(s).

### **Retirement Rollovers-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) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over 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 the Firm recommends that a client roll over his or her retirement plan assets into an account to be managed by the Firm, such a recommendation creates a conflict of interest because the Firm will benefit by earning fees for providing services to the new account or additional assets as a result of the roll over recommendation. To mitigate this conflict, the Firm has implemented policies and processes so that when the Firm makes a recommendation (including a roll over recommendation), the Firm is acting in its fiduciary capacity and its recommendation is consistent with the client's best interest. No client is under any obligation to rollover retirement plan assets to an account managed by the Firm.

### **eMoney Advisor Platform**

When appropriate, the Firm provides its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that the Firm does not manage (the "Excluded Assets"). The Firm does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, the Firm shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not the Firm, shall be exclusively responsible for such investment performance. The client may choose to engage the Firm to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between the Firm and the client. The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by the Firm. Finally, the Firm shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without the Firm's assistance or oversight.

### **Cash Positions**

When appropriate, the Firm maintains cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all cash and cash equivalent positions will be included as part of assets under management for purposes of calculating the Firm's investment advisory fee.

### **Trade Error Policy**

The Firm shall reimburse accounts for losses resulting from the Firm's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the custodian firm account and the Firm retains the net gains and losses.

### Client Obligations

In performing its services, the Firm shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Firm if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Firm's previous recommendations and/or services.

A copy of the Firm's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Consulting and Financial Planning Agreement*.

The Firm shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Firm shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Firm's services. the Firm does not participate in a wrap fee program.

As of December 31, 2019, the Firm had \$137,521,000 in discretionary and \$91,033,000 in non-discretionary regulatory assets under management, as well as \$386,217,000 in assets under advisement.

### Fees and Compensation

Item 5

The Firm provides discretionary and/or non-discretionary investment advisory services on a *fee* basis, our annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Firm's management (between negotiable and 1.25%), to be charged quarterly in advance, as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
\$0-\$1,000,000	1.25
\$1,000,001-\$2,000,000	1.00
\$2,000,001-\$4,000,000	0.80
\$4,000,001-\$7,000,000	0.65
\$7,000,001-\$10,000,000	0.50
\$10,000,000+	customized

The Firm's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, consulting and financial planning services. In the event that the client requires extraordinary consultation and/or planning services (to be determined at the sole discretion of the Firm), at times, we determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

The Firm's investment advisory fee is negotiable at its discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio 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); prior

relationships with the Firm and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Firm to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

### **Consulting and Financial Planning Services (Stand-alone)**

When requested by a client, the Firm provides consulting and/or financial planning services (including investment and non-investment related matters) on a stand-alone fee basis. The Firm's consulting and planning fees are negotiable, and are charged either on a fixed fee basis or on an hourly rate basis ranging from \$100 to \$350, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Clients may elect to have the Firm's advisory fees deducted from their custodial account. Both the Firm's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the investment advisory fee and to directly remit that management fee to the Firm in compliance with regulatory procedures. In the limited event that the Firm bills the client directly, payment is due upon receipt of the invoice. The Firm shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Firm shall generally recommend that Charles Schwab & Co., Inc. ("*Schwab*") serve as the custodian for client investment management assets. Custodians such as *Schwab* charge brokerage and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain mutual funds, individual equity, and fixed income securities transactions). Clients will incur, in addition to the Firm's investment management fee, brokerage and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

The Firm's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Firm does not generally require an annual minimum fee or asset level for investment advisory services.

The *Investment Advisory Agreement* between the Firm and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Firm shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

### **Conflict of Interest:**

In the event that the client desires, the client can engage certain Firm's representatives in their individual capacities as registered representatives of MMAS, a FINRA member broker-dealer and an affiliate of the Firm, and/or in their individual capacities as licensed insurance agents, to implement investment recommendations on a commission basis. In this case, MMAS receives 12b-1 payments or insurance commission compensation, including trailing compensation, directly from the mutual fund company or insurance carriers during the period that the client maintains the mutual fund investment or insurance policies. MMAS will pay a portion of the 12b-1 payments or commissions, as applicable, to the Firm's representatives.

The sale of commission products by the Firm's representatives is limited and not material to the Firm's advisory operations. However, the recommendation that a client may purchase a commission products from *MMAS* presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment or insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from *MMAS*.

When the Firm's representatives sell an investment or insurance product on a commission basis, the Firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Firm's representatives do not also receive commission compensation for such advisory services (except for any 12b-1 payments or insurance commission compensation, including trailing compensation received as discussed above). However, a client may engage the Firm to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment or insurance product from the Firm's representatives on a separate commission basis.

Clients may purchase investment or insurance products recommended by the Firm through other, non-affiliated broker dealers or agents. The Firm does not receive more than 10% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment or insurance products it recommends to its clients.

The Firm's Chief Compliance Officer, Mariane A. Liebowitz, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

## Performance-Based Fees and Side by Side Management

Item 6

The Firm does not receive performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

## Types of Clients

Item 7

The Firm provides investment and non-investment consulting services to individuals, business entities, trusts, estates and charitable organizations.

## Methods of Analysis, Investment Strategies and Risk of Loss

Item 8

The Firm utilizes any one or more of the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)



The Firm utilizes any one or more of the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

### **Investment Risk**

Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Firm) will be profitable or equal any specific performance level(s). The Firm's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Firm must have access to current/new market information. The Firm has no control over the dissemination rate of market information; therefore, unbeknownst to the Firm, certain analyses may be compiled with outdated market information, severely limiting the value of the Firm's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Firm's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Currently, the Firm primarily allocates client investment assets among various individual equity and fixed income securities, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

As disclosed above, the Firm utilizes, when appropriate, long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Firm, in writing, not to employ any or all such strategies for his/her/their/its accounts.

## Disciplinary Information

Item 9

In 2016, a related person of the firm consented to a Financial Industry Regulatory Authority (FINRA) order in which he agreed to neither admit nor deny his participation in recommending, without prior approval of his Broker Dealer which is unaffiliated with the Firm, a separate and distinct private securities broker transaction, which did not involve the Firm or its affiliates. The order imposed on him a monetary penalty and a six-month suspension from association with an unaffiliated FINRA member firm (Broker Dealer). The FINRA order and suspension in no way effected the Firm or limited it from engaging in advisory activities. Nor did the order limit the related person from servicing clients as a registered investment advisor of the firm.

Any information about disciplinary matters applicable to advisory affiliates of the Firm also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or at FINRA's web site at - <http://www.finra.org>.

## Other Financial Industry Activities and Affiliations

Item 10

The Firm is owned by MMA, a licensed insurance agency. the Firm is affiliated with MMAS, a SEC registered investment adviser and general securities broker-dealer and a FINRA and SIPC member firm.

No client is under any obligation to purchase products or engage the services of MMA or MMA Securities LLC. Clients are reminded that they may purchase insurance and securities products through other, non-affiliated entities.

Additionally, certain of the Firm's representatives, in their individual capacities, are licensed insurance agents, and, when appropriate, recommends the purchase of certain insurance-related products on a commission basis.

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

Item 11

The Firm has adopted a stringent Code of Ethics, which sets out high ethical standards of conduct for our employees consistent with our duty of loyalty, fairness and good faith toward our clients. The Code of Ethics has specific sections regarding insider trading, protecting confidentiality, compliance with federal and state securities laws, avoiding and identifying conflicts of interest, and personal securities transactions. A copy of this Code of Ethics is available upon request.

Our Code of Ethics also includes policies and procedures regarding personal securities transactions. These procedures require the reporting of securities transactions by our employees, ongoing monitoring of securities transactions and the prohibition on the use of material non-public information. We do not recommend clients transact in securities in which we have a material financial interest.

At times, the Firm and/or representatives of the Firm buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Firm and/or representatives of the Firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above, to mitigate this conflict, the Firm has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each

of the Firm's supervised employees.

## Brokerage Practices

Item 12

In the event that the client requests that the Firm recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Firm to use a specific broker-dealer/custodian), we generally recommend that investment management accounts to be maintained at *Schwab*. Prior to engaging the Firm to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with the Firm setting forth the terms and conditions under which we shall manage the client's assets and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Clients are permitted to select custodians other than *Schwab*, upon the approval of the Firm.

Factors that the Firm considers in recommending *Schwab* (or another broker-dealer/custodian) include historical relationship with the Firm, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by the Firm's clients shall comply with the Firm's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Firm determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, the Firm's investment management fee. The Firm's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, the Firm receives from *Schwab* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Firm to better monitor and service client accounts maintained at such institutions. Included within the support services that are obtained by the Firm at times are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by the Firm in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products assists the Firm in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Firm to manage and further develop its business enterprise.

There is no corresponding commitment made by the Firm to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

We periodically review *Schwab* (and other broker-dealer/custodians) including their historical relationships with the Firm, financial strengths, reputations, execution capabilities, pricing, research and services. We will change our recommendation and arrangement if recommending *Schwab* is no longer consistent with our client's best interest. The Firm's Chief Compliance Officer, Mariane A. Liebowitz, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

The Firm does not receive referrals from broker-dealers. Nor does it 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 the Firm 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 the Firm. As a result, 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.

In the event that the client directs the Firm 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 the Firm. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

To the extent that the Firm provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. the Firm may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

## Review of Accounts

Item 13

The Firm's representatives conduct account reviews on an ongoing basis, with the frequency determined by the client. Most clients select quarterly reviews, while some receive semi-annual or annual reviews. All clients are advised that it remains their responsibility to advise the Firm of any changes in their investment objectives and/or financial situation. All clients are encouraged to review investment objectives and account performance with the Firm on an annual basis.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Firm may also provide a written periodic report summarizing account activity and performance.

## Client Referrals and Other Compensation

Item 14

The Firm does not receive any economic benefit or compensation from outside sources other than those set forth in Item 12 provided by Schwab. The Firm does not directly or indirectly compensate any person who is not a supervised person of our firm for referrals. We do not receive an economic benefit from a non-client for providing investment advice or advisory services to our clients.

## Custody

Item 15

The Firm shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Firm may also provide a written periodic report summarizing account activity and performance.

Clients who have their advisory fees debited directly from their custodial accounts are urged to compare any written statement provided by the Firm with the account statements received from the account custodian to ensure that the proper advisory fee has been deducted from their custodial account. Please also note that the account custodian does not verify the accuracy of the advisory fee calculation.

## Investment Discretion

Item 16

The client can determine to engage the Firm to provide investment advisory services on a discretionary basis. Prior to the Firm assuming discretionary authority over a client's account, the client shall be required to execute *Investment Advisory Agreement*, naming the Firm as the client's attorney and agent in fact, granting the Firm full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Firm on a discretionary basis may, at any time, impose restrictions, in writing, on the Firm's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Firm's use of margin, etc).

## Voting Client Securities

Item 17

The Firm does not vote client securities. Accordingly, we have not adopted a proxy voting policy. Clients will receive proxies or other solicitations directly from their custodian.

The Firm will not require you to prepay more than \$1,200 in fees six months or more in advance of receiving services, therefore we are not required to provide a balance sheet.

We must disclose any financial condition that could impair our ability to meet our contractual commitments to you, and whether we have been the subject of a bankruptcy proceeding. We have no such financial condition to disclose to you, and have never been the subject of a bankruptcy proceeding.