

# WINFIELD ASSOCIATES

Investment Advisors

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**As of March 10, 2020**

## **ADV PART 2A, BROCHURE**

This Brochure provides information about the qualifications and business practices of Winfield Associates, Inc. ("Winfield"). Winfield must provide this Brochure under applicable rules of the United States Securities and Exchange Commission. If you have any questions about the contents of this Brochure, please contact us at 216.241.2575 or [chris@winfieldinc.com](mailto:chris@winfieldinc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Winfield is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 108969 and our SEC 801 number is 801-54970.

References herein to Winfield as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## ITEM 2 MATERIAL CHANGES

No material changes have been made since the amendment dated May 14, 2019.

ANY QUESTIONS: Winfield's Chief Compliance Officer, Christopher Baker, remains available to address any questions regarding this Brochure.

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## ITEM 4 ADVISORY BUSINESS

Winfield Associates, Inc. (“Winfield” or “we”) is an investment adviser with its principal place of business located in Cleveland, Ohio. Winfield began conducting business in 1997. Winfield is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply a certain level of skill or training.

Listed below are the firm’s principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

- William Winfield Baker, Chairman of the Board of Directors
- Christopher William Baker, President

### **INVESTMENT MANAGEMENT SERVICES**

Winfield customizes and manages investment portfolios with a fee-only engagement. Winfield’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under advisory. Before engaging Winfield to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Winfield setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Winfield does not sell securities or charge commissions, so our advice is not affected by any potential sales compensation. Before providing investment management services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, Winfield will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). Investment instruments may include equities, fixed income, convertible securities, publicly traded partnerships, exchange traded funds, mutual funds, options, cash and cash equivalents. Winfield generally provides investment management services for individuals, endowments and foundations, retirees and business owners, and qualified retirement plans.

We manage advisory accounts on a discretionary or non-discretionary basis. Decisions relating to investments in such accounts are guided by the client’s stated objectives as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Because different types of investments involve different characteristics and degrees of risk, investments in particular types of securities will only be implemented / recommended when consistent with the client’s stated investment objectives, tolerance for risk, liquidity and suitability. If specifically requested by the client, Winfield may agree to provide limited financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Winfield), Winfield may determine to charge for such additional services pursuant to a stand-alone Financial Planning and Consulting Agreement (see below).

## **FINANCIAL PLANNING AND CONSULTING SERVICES**

Winfield may also provide financial planning and/or consulting services (including investment and non-investment related matters, such as: estate planning, tax planning, insurance planning, etc.) on a stand-alone separate fee basis. Before engaging Winfield to provide stand-alone financial planning or consulting services, clients are required to enter into a Financial Planning and Consulting Agreement with Winfield 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 before Winfield commences services.

## **RETIREMENT PLAN SERVICES**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Retirement Plan Services consist of four distinct services. Clients may choose to use any or all of these services, subject to the terms and conditions of a Retirement Plan Services Agreement:

### **Investment Policy Statement Preparation (hereinafter referred to as "IPS")**

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

### **Selection of Investment Vehicles**

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

### **Monitoring of Investment Performance**

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

### **Participant Services**

Sponsors of pension, profit sharing and 401(k) plans in which individual plan participants exercising control over assets in their own account ("self-directed plans"), may engage us to provide participant-level services.

The sponsor may choose to limit these participant-level services to educational support and investment workshops. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

Sponsors may also engage us to develop asset allocation strategies based on the participant's own financial circumstances and investment objectives, and to update those recommendations as the participant's circumstances change.

#### Pooled Investment Management

Sponsors of pension, profit sharing and 401(k) plans may engage Winfield to manage a pool of participant assets according to a strategy or strategies selected by the plan sponsor. In these engagements Winfield will not advise participants directly but may provide general educational support as well as in-depth details for each relevant strategy.

### **MISCELLANEOUS**

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent specifically requested, Winfield may provide limited planning and consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. inclusive of its advisory fee set forth at Item 5 below (exceptions may occur based upon assets under management, for which Firm may charge a separate fee). To the extent provided, Winfield's consulting services should not be construed as a substitute for a comprehensive financial plan. Winfield does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, Winfield does not prepare estate planning documents, tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.). 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 Winfield and/or its representatives.

Retirement Rollovers – No Obligation / 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 Winfield recommends that a client roll over their retirement plan assets into an account to be managed by Winfield, such a recommendation creates a conflict of interest if Winfield will earn new (or increase its current) compensation as a result of the rollover. No client is under any obligation to rollover retirement plan assets to an account managed by Winfield. Winfield's Chief Compliance Officer, Christopher Baker, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

Self-Directed Retirement Plan Assets. Upon request, Winfield may provide investment advisory services relative to a client's 401(k) plan assets. In such event, Winfield shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. Winfield shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the plan. Winfield will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Winfield of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

Portfolio Activity. Winfield has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Winfield 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, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Winfield determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, there can be no assurance that investment decisions made by Winfield will be profitable or equal any specific performance level(s).

Aggregate Reporting. Winfield may also provide periodic reporting services that can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Winfield (the "Excluded Assets"). The client and/or the client's other advisors that maintain trading authority, and not Winfield, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed in writing, Winfield's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Winfield is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. Except with respect to the client's 401(k) account (if applicable), Winfield does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If Winfield is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Winfield shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Winfield provide investment management services for the Excluded Assets, the client may engage Winfield to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Winfield and the client.

Client Obligations. In performing our services, Winfield 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, it remains each client's responsibility to promptly notify Winfield if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and/or services.

Investment Risk. 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 Winfield) will be profitable or equal any specific performance level(s).

Use of Mutual and Exchange Traded Funds. Many 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 Winfield independent of engaging Winfield as an investment advisor. However, if a prospective client determines to do so, the client will not receive the benefit of Winfield's initial and ongoing investment advisory services. In addition to Winfield's investment advisory fee 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).

Independent Managers. Winfield may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers or ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Winfield will continue to render investment supervisory services to the client in the form of ongoing monitoring and review of account performance, asset allocation and client investment objectives. Winfield generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Winfield's ongoing investment advisory fee, which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s).

Subadvisers. Winfield may utilize sub-adviser relationships where appropriate. For all sub-adviser relationships, Winfield conducts due diligence on each sub-adviser and enters into a formal contractual relationship with each such sub-adviser. To the extent that Winfield utilizes a sub-adviser for any client, such client has approved the use of sub-advisers in the client's investment management agreement with Winfield.

Non-Discretionary Service Limitations. Clients that determine to engage Winfield on a non-discretionary investment advisory basis must be willing to accept that Winfield cannot execute any account transactions without obtaining prior consent to such transaction(s) from the client. Therefore, if Winfield would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Winfield will be unable to execute the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent

### **TAILORED ADVISORY SERVICES**

Winfield provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Winfield 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 Winfield's services.

### **WRAP FEE PROGRAMS**

Winfield does not sponsor or offer a wrap fee program (in which the sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee) for its investment advisory services. However, in extremely limited circumstances, Winfield may manage client assets in conjunction with an unaffiliated wrap program. Since the custodian/broker-dealer is determined by the unaffiliated wrap program sponsor, Winfield will be unable to negotiate commissions, transaction costs, and/or seek better execution. As a result, investors through the wrap program may pay higher commissions, other transaction costs, greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by Winfield. Higher transaction costs adversely impact account performance. In addition, participation in a wrap program may cost the participant more or less than purchasing such services separately.

### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2019, we were actively managing \$261,350,901 of clients' assets on a discretionary basis and \$169,923 of clients' assets on a non-discretionary basis.



## ITEM 5 FEES & COMPENSATION

### Fees for Investment Management and Pension Consulting Services

Winfield has adopted a tiered percentage fee schedule. Certain clients, at Winfield's exclusive discretion, may be grandfathered under a different fee schedule. Winfield will continue to be compensated based upon a percentage of assets under its management. Under the tiered fee schedule each client pays a fee based upon a percentage (%) corresponding to a specific asset level. The percentage declines as the assets placed under Winfield's management increases, as follows:

<b><u>Assets Under Management</u></b>	<b><u>Annual Percentage Fee</u></b>
Initial \$2,500,000	1.00%
Next \$2,500,000	0.75%
All Additional Amounts	0.60%

The annual fee is payable quarterly, in arrears, based upon the market value of the assets on the last day of the previous billing quarter. The fee for a partial quarter will be pro-rated based upon the number of days that Winfield managed the assets during the billing quarter.

Winfield, in its sole discretion, may determine to charge a lesser fee and/or reduce or waive its aggregate account minimum based upon the circumstances (such as anticipated future earnings capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, etc.).

### Fees for Endowment Solutions

Winfield has adopted a tiered percentage fee schedule. Certain clients, at Winfield's exclusive discretion, may be grandfathered under a different fee schedule. Winfield will continue to be compensated based upon a percentage of assets under its management. Under the tiered fee schedule each client pays a fee based upon a percentage (%) corresponding to a specific asset level. The fee schedule differs based on whether the assets are managed on a discretionary or non-discretionary basis. The percentage declines as the assets placed under Winfield's management increases, as follows:

<b><u>Assets Under Management (Discretionary)</u></b>	<b><u>Annual Percentage Fee</u></b>
Initial \$2,500,000	0.60%
Next \$2,500,000	0.50%
Next \$5,000,000	0.30%
All Additional Amounts	0.20%
Minimum annual fee: \$15,000	

<b><u>Assets Under Management (Non-Discretionary)</u></b>	<b><u>Annual Percentage Fee</u></b>
Initial \$2,500,000	0.50%
Next \$2,500,000	0.40%
Next \$5,000,000	0.25%
All Additional Amounts	0.15%
Minimum annual fee: \$12,500	

The annual fee is payable quarterly, in arrears, based upon the market value of the assets on the last day of the previous billing quarter. The fee for a partial quarter will be pro-rated based upon the number of days that Winfield managed the assets during the billing quarter.

Winfield, in its sole discretion, may determine to charge a lesser fee and/or reduce or waive its aggregate account minimum based upon the circumstances (such as anticipated future earnings capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, etc.).

#### **Fees for Financial Planning and Consulting Services**

Winfield may provide a Financial Plan as a part of its wealth advisory services. Fees for a customized Financial Plan are as follows:

- For clients with less than \$1 million under management, Winfield will charge a fixed fee of \$1,000 for the initial in depth interview. At the conclusion of the initial conference, Winfield will estimate the fee for the client's financial plan, based on the hourly rates in effect at the time. Winfield's current rates are between \$100 and \$200 per hour depending upon the level and scope of the services required, and the professional rendering the service.
- For clients with more than \$1 million under management, Winfield will negotiate a fee based upon the estimated complexity of the plan.
- Winfield, in its sole discretion, may determine to charge a lesser planning fee and/or waive planning fees.

## **GENERAL INFORMATION**

**Grandfathering of Fees and Minimum Account Requirements.** Winfield may elect to have clients remain subject to minimum account requirements and advisory fees in effect at the time the client enters the advisory relationship with our firm. For this and other reasons, our firm's minimum account requirements and fee schedule may differ among clients.

**Advisory Fees in General.** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Other Costs and Fees.** In addition to advisory fees paid to Winfield, clients may pay other fees and costs with respect to the assets under management with Winfield to third parties, including, but not limited to:

- fees of the client's broker;
- fees of the custodian of the client's assets under management;
- fees of mutual funds or exchange traded funds that the client's assets are invested in;
- fees of any consultant used by the client.

Some of these costs and fees are described in more detail below.

**Custodian and Broker Fees and Expenses.** As discussed below, unless the client directs otherwise or an individual client's circumstances require, Winfield generally recommends that Charles Schwab & Co., Inc., an SEC registered broker-dealer, FINRA and SIPC Member, and its affiliates ("Schwab") serve as the broker-dealer/custodian for client investment assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions. The fees charged by the applicable broker-dealer/custodian, the charges imposed at the mutual fund and exchange traded fund level described below, and any fees charged by Independent Managers as identified above are in addition to Winfield's investment advisory fees referenced in this Item 5.

**Mutual Fund and ETF Fees.** All fees paid to Winfield for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. Fees and expenses are described in each fund's prospectus. Fees will generally include a management fee, other fund expenses, and may include a distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client can invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided. Winfield does not receive any of the fees charged by a mutual fund or ETF.

**ERISA Accounts.** When Winfield provides advisory services to clients that are employee benefit plans or individual retirement accounts ("IRAs"), our firm owes certain additional

fiduciary duties to such clients pursuant to the Employee Retirement Income Security Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. In those circumstances, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Winfield may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees (mutual fund fees).

Termination of the Advisory Relationship. Our advisory agreements may be terminated by either the client or our firm at any time upon written notice to the other party. In the event of termination, the client shall owe a prorated portion of the fees specified in such client's advisory agreement, calculated to the date of termination.

## ITEM 6 PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

Neither Winfield nor any supervised person of Winfield accepts performance-based fees.

## ITEM 7 TYPES OF CLIENTS

Winfield provides advisory services to the following types of clients:

- Individuals (other than high-net worth individuals)
- High net-worth individuals
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

Generally Winfield does not accept accounts of less than an aggregate \$500,000 but Winfield may accept relationships below the aggregate account minimum on a negotiated basis. Winfield, in its sole discretion, may charge a lesser investment advisory fee and/or charge a flat fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Asset Allocation. Winfield identifies an appropriate ratio of equities, fixed income instruments, alternatives and cash suitable to each client's investment goals and risk tolerance.

The use of an asset allocation investing methodology means that, because a client is not heavily invested in one security, industry or market sector, if there is a sharp increase in the value of a particular security, industry or market sector, a client would not benefit from such sharp increase as much as they would if their investments were heavily concentrated. Further, the ratio of equities, fixed income, alternatives and cash may change over time due to market movements and, if not corrected, may not be commensurate with the client's goals.

Fundamental Analysis. We measure the intrinsic value of a security by analyzing economic and financial factors (such as the economy, industry conditions, financial status and management of a company). We then determine if a company is appropriately valued. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down following the overall market regardless of the economic and financial factors considered in evaluating the security.

Qualitative Analysis. We evaluate non-quantifiable factors such as quality of management, labor relations, and the strength of research and development. While these factors are not readily subject to measurement, they can have a significant influence on share prices.

A risk of using qualitative analysis is that our subjective judgment may prove incorrect.

ETF and/or Mutual Fund Analysis. Winfield utilizes ETFs and/or mutual funds to achieve a desired asset allocation and to diversify risk in a client's account. Winfield selects funds that provide diversified, transparent and liquid access to an investment strategy. Investments in funds may be based on asset allocation or industry sector allocation.

There are several risks in using ETF and/or mutual fund analysis. We do not control the underlying investments in an ETF or a mutual fund. It is possible that managers of different funds held by the client may purchase the same security, increasing the risk to the client if a security were to fall in value. There is risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Technical Analysis. We analyze past market movements and apply the analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. Regardless of market movement, this presents a risk in that a poorly-managed or financially unsound company may underperform relative to the stock market in general.

Risks for all Forms of Analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We use the following strategies in managing client accounts, usually applying a blend of approaches that are appropriate to the needs of the client and are consistent with the client's investment objectives, risk tolerance, time horizon, and other considerations:

Long-Term Purchases. We purchase most securities with the strategy of holding them in the client's account for a year or longer. Typically, we employ this strategy when we:

- believe the securities to be currently undervalued, and/or
- want exposure to a particular asset class over time, regardless of the current projection for this class; and/or
- we believe that a client seeks the tax advantages of holding a security for long-term vs. short term.

A risk in a long-term purchase strategy is that by holding the security for a year or more, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-Term Purchases. We may purchase some securities with the idea of selling them within a relatively short time (typically a year or less). This strategy is an attempt to take advantage of conditions that we believe will result in a near-term price increase.

There are many risks to short-term trading. Market trends, investor sentiment and momentum influence our decision to invest in short-term opportunities.

Short Sales. In certain instances where Winfield has full discretionary authority in a client account and it considers a short sale to be appropriate, Winfield will borrow shares of a stock on behalf of a client for the client's portfolio from a broker or another entity on a promise to replace the shares. At an appropriate time based on our analysis, we buy the same stock and return the shares to the original owner. We engage in short selling based on our belief that the stock will go down in price after we have borrowed the shares. If the stock price declines, the client realizes a profit. If the stock price increases, the client realizes a loss.

Short sales involve a high degree of risk and are only used in limited situations. The risk of loss in a short sale transaction is unlimited if the shares appreciate.

Margin Transactions. Clients may arrange for margin credit, which is a loan from the custodian based on the value of the securities in the account. This allows a client who utilizes margin to purchase more stock than the client otherwise would be able to purchase with available cash and allows Winfield to purchase securities on behalf of its client without selling other holdings.

A risk to margin transactions is a decrease in the value of the marginable security. If the value of the security held as collateral falls, the custodian may force a “margin call” whereby Winfield must sell a client’s security at the current market price to cover the decline in value, regardless of the current valuation of the security to be sold.

Option Trading. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, like a stock or a bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. We will buy a call if we anticipate that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we anticipate that the price of the stock will fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We will also use options to “hedge” a purchase of the underlying security; in other words, we will use an option purchase to limit the potential downside of a security we have purchased for a client.

We may use “covered calls”, in which we sell an option on a security in a client’s account. In this strategy, the client receives a fee for making the option available, and the entity purchasing the option has the right to buy the security from our client at an agreed price.

We may use “protective puts”, in which we buy an option on a security. In this strategy, the client pays a premium for the right to sell a security at an agreed-upon price.

### **RISK OF LOSS**

Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. 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 Winfield) will be profitable or equal any specific performance level(s). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

## ITEM 9 DISCIPLINARY INFORMATION

Our firm and our management personnel have no reportable disciplinary events to disclose.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Neither Winfield, nor its representatives are registered or have an application pending to register as: a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing. We do not recommend or select other investment advisers for our clients and receive direct or indirect compensation from those investment advisers as a result. Winfield and its related persons are not engaged in other financial industry activities and have no other industry affiliations to report in this Item 10.

## ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

Winfield, as a matter of policy and practice, and consistent with industry best practices and SEC requirements (SEC Rule 204A-1 under the Advisers Act), has adopted a written Code of Ethics covering its supervised persons. Winfield's Code of Ethics requires high standards of business conduct, compliance with federal securities laws, protection of material nonpublic information, and reporting and record keeping of personal securities transactions and holdings of certain firm personnel. The firm's current Code of Ethics is reviewed annually by Winfield's Chief Compliance Officer and is amended as appropriate. A copy of Winfield's Code of Ethics is available to any client or prospective client upon written request to the Chief Compliance Officer at the mailing address set forth on the cover page of this Firm Brochure.

### **ALLOCATION AND AGGREGATION OR BLOCK TRADING**

Winfield and its employees may purchase or sell the same securities as those purchased or sold for client accounts. In allocating securities to its client's accounts, Winfield may employ the aggregation or block trading method to such transactions. This method allows Winfield to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Winfield's policy is to aggregate client transactions when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared on a pro-rata basis. In the event that transactions of Winfield, its employees or principals ("proprietary accounts") are aggregated with client transactions, conflicts may arise and special policies and procedures have been adopted by Winfield to disclose and address these conflicts.



Winfield's policies and procedures and ethical standards require that its allocation procedures be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. In addition, Winfield's policy prohibits any allocation of trades in a manner that Winfield's proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts. Prior to entering into any aggregated trade, the Winfield portfolio manager or trader, as appropriate, will complete a trade blotter specifying the participating client and employee accounts and the amount of securities to be purchased or sold for each account. Where the client has directed the use of a particular broker, orders may be consolidated with those for other clients or employees who have selected that broker. If consolidated orders are executed at varying prices, the securities will be allocated to the respective accounts on an equitable basis, with each account, insofar as practical, receiving the same price and the same cost.

### **EMPLOYEE TRANSACTIONS**

Winfield maintains records of personal securities transactions for each employee.

## **ITEM 12 BROKERAGE PRACTICES**

In the event that the client requests that Winfield recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Winfield to use a specific broker-dealer/custodian), Winfield generally recommends that investment advisory accounts be maintained at Schwab. Before engaging Winfield to provide investment advisory services, the client will be required to enter into a formal Investment Advisory Agreement with Winfield setting forth the terms and conditions under which Winfield shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Winfield considers in recommending Schwab (or another broker-dealer/custodian) to clients include: historical relationship with Winfield, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Winfield's clients shall comply with Winfield's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Winfield 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Winfield 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, Winfield's investment advisory fee. Winfield'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.

### Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Winfield receives from Schwab (or could receive from another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, or mutual fund sponsor) without cost (or at a discount) support services or products, certain of which assist Winfield to better monitor and service client accounts maintained at such institutions. The support services that Winfield can obtain may include: 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 free consulting services; discounted or free travel and attendance at conferences or meetings, and other educational and/or social events; marketing support; computer hardware or software; or other products used by Winfield in furtherance of its investment advisory business operations. As referenced above, certain of the support services or products that may be received may assist Winfield in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Winfield to manage and further develop its business enterprise.

The receipt of these support services and products presents a conflict of interest, because Winfield has the incentive to recommend that clients utilize Schwab as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, Winfield's clients do not pay more for investment transactions effected and/or assets maintained at a Schwab or another broker-dealer/custodian as a result of these arrangements. There is no corresponding commitment made by Winfield to any broker-dealers/custodians 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 arrangements.

### Broker-Dealer Referrals

Winfield does not receive referrals from broker-dealers.

### Directed Brokerage

Winfield 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 Winfield 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 Winfield. As a result, the 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 Winfield 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 Winfield. 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.

## ITEM 13 REVIEW OF ACCOUNTS

Reviews. A review of an investment management account involves an analysis of the client's investments to implement Winfield's investment strategies and policies in a manner consistent with a client's requirements. Account review is conducted quarterly, unless otherwise specified by the client. Securities in an account are monitored regularly, and action is taken between reviews if deemed necessary by Winfield. Reviewers include: William W. Baker, CFA, Chairman of the Board of Directors; Christopher W. Baker, President; Thomas J. Nyitray, CFA, Portfolio Consultant; Mark Q. Haley, Vice President; Christophe D. Jambon, CFA, Senior Associate; Bradley S. Norton, CFA, Director of Endowment Solutions; and Paul F. Rodgers, CFA, Portfolio Consultant. Each client's investment program is reviewed by Christopher W. Baker at least on an annual basis.

Reports. For investment management accounts, in addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

As referenced in Item 12 above, Winfield receives economic benefits from Schwab or could receive such benefits from other broker-dealers/custodians such as support services and/or products without cost (and/or at a discount). Winfield's clients do not pay more for investment transactions effected and/or assets maintained at Schwab or another broker-dealer/custodian as a result of these arrangements. There is no corresponding commitment made by Winfield to a broker-dealer/custodian 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.

If a client is introduced to Winfield by either an unaffiliated or an affiliated solicitor, Winfield may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Winfield's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Winfield by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of Winfield's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Winfield and the solicitor, including the compensation to be received by the solicitor from Winfield.

## ITEM 15 CUSTODY

Winfield shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Those clients to whom Winfield provides investment supervisory services may also receive a periodic report from Winfield summarizing account activity and performance. To the extent that Winfield provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Winfield with the account statements received from the account custodian. The account custodian does not verify the accuracy of Winfield's advisory fee calculation.

Winfield provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from Winfield to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## ITEM 16 INVESTMENT DISCRETION

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell
- determine the broker or dealer to be used and the commission to be paid

Clients give us discretionary authority when they sign a discretionary contract with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by providing us with additional or new subsequent written instructions.

In certain cases, client may also grant Winfield discretion to engage and terminate external managers (subadvisors and Independent Managers).

## ITEM 17 VOTING CLIENT SECURITIES

When Winfield votes proxies for its clients, it exercises the care, skill, prudence and diligence required of a fiduciary. This means that Winfield acts in the best interest of the client's account. This includes long-term and short-term economic interests, and takes into account, among other things, the effect of the proposal on the underlying value of the security, the makeup of the issuer's board of directors and the necessity of providing the directors with sufficient tools and flexibility to properly discharge their duties as directors.

The Chairman of the Board of Directors is responsible for monitoring corporate actions. Information on corporate actions is made available by a variety of sources including printed media, Internet, and proxy statements. The Chairman is responsible for voting decisions based upon the voting policies on time, and maintains a record of each proxy vote cast as well as each proxy statement relating to the vote.

A copy of Winfield's complete proxy voting policy is available upon written request. In addition, information on how specific proxies have been voted is available upon written request.

## ITEM 18 FINANCIAL INFORMATION

Winfield does not solicit prepayment of fees of more than \$1,200, per client, six months or more in advance. We are not unaware of any financial condition that is reasonably likely to impair Winfield's ability to meet its contractual commitments relating to its discretionary authority over certain client accounts. Winfield has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Winfield's Chief Compliance Officer, Christopher Baker, remains available to address any questions that a client or prospective client may have regarding this Brochure.