



**CONSERVEST**

CAPITAL ADVISORS, INC.™

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257 East Lancaster Avenue, Suite 205  
Wynnewood, PA 19096**

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**Investment Adviser Disclosure Brochure  
(Part 2A of Form ADV)**

**March 26, 2020**

**This brochure provides information about the qualifications and business practices of Conservest Capital Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (610) 642-9588 or [pchism@conservest.com](mailto:pchism@conservest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**The designation “registered investment adviser” does not imply a certain level of skill or training.**

**Additional information about Conservest Capital Advisors, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## **Item 2: Material Changes**

This Investment Adviser Brochure (ADV Part 2A) of Conservest Capital Advisors, Inc. (“Conservest,” “The Firm,” “we,” and “our”) dated March 26, 2020, amends our previous brochure dated March 29, 2019.

This Brochure was updated to include changes in assets under management and number of clients. See this Brochure page 2, Item: 4E, Assets under Management, for more information concerning new assets under management and number of clients.

A summary of any material changes to this and subsequent Brochures will be made available to you within 120 days of the close of our business’ fiscal year. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.

You may request the most recent version of this brochure, free of charge, by contacting Patrick Chism at 610 642-9588 or [pchism@conservest.com](mailto:pchism@conservest.com). You may also obtain a copy by going to the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4: Advisory Business**

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

Conservest Capital Advisors, Inc. was founded in April, 1993, by Bruce E. Kardon, our current President and Chief Investment Officer, as a boutique investment advisory and financial planning firm to offer advisory services on a fee-only basis.

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

Investment services include, but are not limited to, the following: (i) interpreting investment objectives and risk tolerance; (ii) asset selection and allocation; (iii) organizing, administering to and regular monitoring of portfolio assets; (iv) developing and documenting an individualized investment policy and investment strategy; and (v) managing the investment process.

We offer ongoing portfolio management services based on individual goals, objectives, time horizon, and unique risk-return characteristics of each client. We believe that preserving and growing capital requires developing an individually customized and managed portfolio for each client. Our investment approach requires careful and constant consideration of returns and risks in a myriad of capital markets simultaneously.

We create an Investment Strategy for each client that outlines an investment strategy matching each client's specific situation and provides a personalized approach to preserve and grow their capital. Prior to the creation of a customized and detailed Investment Policy Statement, we conduct an extensive interview. This interview is not a standard questionnaire but an intensive process to obtain background information both personal and financial. We believe it is important to understand a client thoroughly prior to developing a customized response because no two clients are the same.

The interview process results in the development of a customized, detailed Investment Strategy for each client that includes: client background, portfolio constraints, tax issues, outside investment analysis, specific investment recommendations and expected risk and return expectations. This initial blueprint presents the client's financial situation and objectives from which an asset allocation strategy is designed and implemented. We adapt the strategy both to changes in client objectives and circumstances as well as changes in the financial and economic landscape. We also discuss outside business and real estate assets with our clients as well as tax projections and tax and estate implications of our investment decisions.

At our discretion, and under certain circumstances or criteria, we create an abbreviated Investment Policy Statement for our clients instead of a comprehensive, customized policy. We utilize this type of Investment Policy Statement for certain clients for specific

reasons which include, but are not limited to, a client's request, portfolio size, account composition and cost effectiveness.

During the investment policy process, we look closely at historical returns from a variety of capital markets to determine the most suitable asset allocation in each client's account. We then select the most appropriate investment vehicles in each market in accordance with our asset allocation decisions. We are not limited in terms of investments and we allocate our client portfolios among various asset classes. This serves to both diversify assets we manage and to achieve diversification within the context of the client's total wealth holdings, including business and real estate assets.

We focus on maintaining on-going communications with our clients, discussing many issues involving investment policy and strategy. In addition, we provide quarterly reports with in-depth analysis, which include performance of various segments of the investment portfolio over a variety of time intervals, performance measured against comparative indices, asset allocation and reconciliation, cash flow review, and an inventory of investment holdings. Finally, ongoing investment policy and strategy are often discussed with our clients.

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

We offer the same services to all clients. Clients may impose restrictions on investing in certain securities or types of securities. Upon request, we will work with clients to accommodate client specific restrictions on the investments or investment strategy we select.

### **D. Wrap Fee Programs**

Conserve Capital Advisors does not participate in wrap fee programs.

### **E. Assets Under Management**

As of December 31, 2019, we had the following assets under management:

	<u>Assets</u>	<u>Number of Clients</u>
Discretionary	\$1,315,230,917.00	228
Non-discretionary	None	None
Total	\$1,315,230,917.00	228

In addition, we have \$18,687,723 in assets under advisement, to which we provide advice and guidance to a number of our clients

## **Item 5: Fees & Compensation**

We charge a \$20,000 minimum annual fee, but do not impose a minimum value of assets under management for opening or maintaining an account. Our management fee is based on the valuation of assets under management and is payable quarterly, in advance, based upon the market value of the managed assets on the last business day of the previous quarter or the beginning value of a new account. Our fee carries a monthly pro-rata termination privilege, based upon the number of full calendar months remaining in the quarterly period for which payment has been made in advance. Fees will be returned to the client via check within 30 days.

Our investment management fee structure is outlined below. Please note that the fees outlined represent fee guidelines, and we reserve, at our sole discretion, the right to negotiate fees with existing or prospective clients. Occasionally, under certain circumstances, a fixed rate may apply. In addition, we may waive the minimum fee or charge a lesser fee based upon certain criteria (e.g., historical relationship, type of assets, and dollar amount of assets under management, related accounts, account composition and negotiations with clients).

### **A. Fee Schedule**

Client Portfolio Value (Assets Under Management)	Annual Advisory Fee
\$0 - \$2,000,000	1.00%
Next \$5,000,000	0.50%
Next \$100,000,000	0.45%

We do not maintain custody of client assets. We recommend that our clients establish a brokerage account with either Charles Schwab & Co., Inc. (“Charles Schwab”) or Fidelity Brokerage Services, LLC (“Fidelity Investments”), who will act as the client’s custodian and executing broker-dealer for the transactions we execute in the client’s account(s). Clients that select us to provide advisory services enter into a written Investment Advisory Agreement (“Agreement”), setting forth the terms and conditions under which we manage assets and the manner in which fees are paid.

### **B. Payment of Fees**

In most instances, our quarterly fee is paid directly from the client’s custodian account upon receipt of the client’s written authorization, which is contained in the Investment Advisory Agreement. Prior to the payment of fees, we provide the custodian with a

written notice of the amount to be deducted from the client's account by the custodian and paid to us.

## **C. Additional Client Fees**

Our advisory fees do not include custodial fees, which our clients may be charged separately by Charles Schwab and Fidelity Investments. Custodial fees are based upon fees negotiated and agreed upon among us, each client and the custodian. In addition, our investment management fees do not include brokerage commissions, which, if any, are paid by the client to the executing broker on a transaction-by-transaction basis. See this Brochure Item: 12 Brokerage Practices for more information concerning our brokerage practices.

In addition, exchange traded funds (ETFs) and mutual funds also charge internal management fees, which are disclosed in the fund's prospectus and/or financial filings.

## **D. Outside Compensation**

Neither the Firm nor our officers or employees accept any compensation for the sale of securities or other investment products, including asset-based charges or service fees from the sale of mutual funds.

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

We do not manage advisory assets on a performance fee basis.

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

We provide investment advisory services to a wide range of clients, including individuals and families, small businesses, professional corporations, sole proprietorships, religious institutions, endowments and charities.

#### *Minimum Account Size*

We do not have a minimum account size.

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

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

#### *Overall Investment Strategy*



Our methods of analysis include reviewing the current macro-economic financial landscape to determine how best to participate via asset classes and specific investments. We use a combination of fundamental economic analysis, “what if” scenarios and historical and projected asset class financial relationships. In addition, we deploy subjective probability assessments of likely and probable economic scenarios. Given these scenarios we invest in a multitude of asset classes and weight them accordingly.

Fundamental economic analysis incorporates such factors as interest rates, inflation, unemployment and underemployment levels, corporate earnings, public and foreign debt, trade balances, taxation policy, monetary and fiscal policy, geopolitical developments and many other factors.

When developing our investment approach, we look at investments both from a macro-trend perspective, as well as evaluating relative risks and returns. This means we not only look at various “what if” scenarios that may impact an investment, but also consider each investment on its value compared to other investment alternatives.

Although we have discretionary authority over all client portfolios, we thoroughly discuss our investment strategy and rationale with each client prior to implementation. Clients are often consulted regarding specific recommendations prior to trade executions. In addition, each client is provided specific information regarding our asset allocation decisions and the investment vehicles we use to achieve their investment goals.

All of our client portfolios are individually managed; therefore, we do not employ a “cookie-cutter” approach to portfolio management and we recognize the unique attributes and risk tolerance of each individual investor. We use long-term investment strategies and do not recommend frequent trading, which can affect investment performance particularly through increased brokerage fees, transaction costs and a possible tax liability.

Finally, we receive information from a variety of sources, including, but not limited to, research reports, review of annual reports, discussions with independent businesspersons (business owners, officers of publicly traded companies and private equity managers), other investment firm’s statistical information, company press releases, general financial information found in newspapers and magazines and internet-based information.

Our portfolio strategies include investments in equity and fixed income securities:

#### *Equity Investment Strategy*

When investing in equity markets, we take advantage of a multitude of asset classes weighted in a particular manner with the goal of creating a well-diversified and balanced portfolio. We believe it is more important to invest in certain markets, asset classes and sectors rather than picking the “right” individual stock position(s). We employ a low

turnover strategy because we believe markets are efficient; however, we do monitor the marketplace, analyze potential future trends, and make tactical adjustments as necessary.

The majority of our equity investments consist of exchange traded funds (ETFs) and no-load mutual funds. We invest in ETFs and open and closed-end mutual funds because they provide broad exposure to various market segments. This strategy allows our clients to benefit from diversification while shielding their portfolios from non-systematic (individual security) risk.

In addition, our approach to investing in U.S. equities is driven by specific sectors (e.g., energy, commodities, consumer staples, technology and real estate investment trusts) as well as market capitalization (company size). Our approach to international investing is more predicated on regions of the world that we deem to have stronger fundamentals as well as market capitalization. We also customize each client portfolio to take into consideration outside assets including business and real estate ownership.

#### *Fixed Income Investment Strategy*

Our fixed income strategy includes the purchase of individual bond positions, which make up the majority of our bond holdings. These holdings are complemented by smaller positions in no-load bond funds, which provides us with more diversification in tax-free municipal and taxable domestic bonds but especially in certain types of fixed income securities such as convertible bonds, inflation protected securities and high-yield bonds. On occasion, we invest in preferred stocks through the purchase of individual securities.

We invest in domestic bonds in several different areas of the market including municipal bonds (mainly tax-exempt but also taxable), U.S. government agency bonds, corporate bonds, marketable certificates of deposit, and dollar denominated bonds issued by other countries. In addition, on occasion we invest in international bonds issued by countries with the highest credit ratings. We invest in international bonds by purchasing individual bond positions or an ETF.

Our primary objective when buying bonds is to generate an attractive yield without bearing undue credit or interest rate risk. We balance our income objective with a focus on safety and total return. The outlook for inflation and real interest rates are important factors in the valuation and portfolio construction process.

We purchase individual bond positions because it allows us to maintain a level of control in the selection of issuers, credit quality, duration and maturity. Investing in individual bonds shields us from decreases in the prices that are associated with redemptions from bond funds. In addition, we utilize various bond analysts as well as block trading to ensure the best pricing for our clients. We employ all of our research and portfolio management resources including FactSet Research Systems to identify attractive income generating securities and also for research and analysis of the issuer's financial information.

## **B. Material Risks Involved**

We believe effective risk management is a critical factor in achieving investment performance. In order to effectively manage risk in investment portfolios, we focus on making asset allocation decisions based upon our client's defined investment objectives and risk tolerance.

All security recommendations have inherent market risk and we make every effort to create realistic estimates of risk, return and inter-market behavior. Nevertheless, there is virtually no way to insulate portfolios from occasional periods of extreme market behavior and clients should be prepared to bear the risk of downturns in the market. The value of assets could be adversely affected in the event of a natural disaster, severe weather events, climate change, earthquakes, fires, war, terrorism, health pandemics and other public health crises.

Investors have different aversions to risk due to many factors, which include objective factors (e.g., size of asset base and present and future cash flow as a percentage of portfolios) and subjective factors (e.g., investment history and personal background). The more averse a client is to risk, the less exposure the portfolio will have to equities. When managing a portfolio for a particular client, our goal is to maximize portfolio returns for a level of risk that is appropriate for each client.

During the investment management process, we continue to track every portfolio to ensure that it stays within its allocation guidelines, and we make appropriate adjustments as needed. We believe portfolio rebalancing, diversification, and hedging (not including hedge funds) are important risk management techniques for reducing investment risk. In addition, we believe that diversification of stocks and bonds among issuers, industries and geographical regions reduces risk.

### *Equity Risks*

The material risks associated with investing in equity securities include, but are not limited to:

*Management/Advisory Risk:* Our judgments regarding “what if” scenarios may be incorrect. There is no guarantee markets will react the same way in the future as in the past to different fundamental economic data such as interest rates, inflation, unemployment and underemployment levels, corporate earnings, public and foreign debt, trade balances, taxation policy, monetary and fiscal policy, geopolitical developments and many others. This data provides a tool to analyze and determine the direction of the economy and markets, however, the markets may react differently than what we expect or predict. In addition, our analysis may be incorrect as to the attractiveness, value and potential appreciation of a certain market, asset class, sub-asset class or sector. Certain

sectors or securities can be more volatile than the market as a whole and our equity strategy may fail to produce the intended results.

*Equity Market Risk:* We seek investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. Investing in securities always involves the risk of loss that investors should understand and be prepared to bear. There are many types of investment risks, which include but are not limited to, systematic risk or market risk, non-systematic risk or individual security risk, sector risk, political risk, currency or exchange rate risk, economic segment risk, interest rate risk and inflation risk.

*Small and Mid Capitalization Company Risk:* Investments in small and mid-capitalization companies may be riskier than investment vehicles that hold larger, more established companies. These securities may trade less frequently and in lesser volume than larger companies. In addition, small and mid capitalization companies may be more vulnerable to economic, market and industry changes.

*Foreign Securities Risk:* Investing in foreign securities involves additional risks beyond the risks of investing in U.S. securities markets. These risks include currency fluctuations; political uncertainty; different accounting and financial standards; different regulatory environments; and different market and economic factors in various non-U.S. countries.

*Currency Risk:* A form of risk that arises from the change in price of one currency relative to another. Currency risk exists regardless of whether you are investing domestically or abroad. Investments are subject to currency risk regardless of the nationality of the investor or the geographical location of the underlying investment.

*Emerging Markets Risk:* Emerging markets are likely to bear higher risk due to lower liquidity and possible lack of adequate financial, legal, social, political and economic structures, protection and stability as well as uncertain tax positions.

*Real Estate Risk:* Investments in real estate investment trusts ("REITs") are subject to risks affecting real estate investments generally (including market conditions, competition, property obsolescence, changes in interest rates and casualty to real estate), as well as risks specifically affecting REITs (the quality and skill of REIT management and the internal expenses of the REIT).

*Manager Risk:* A portion of client accounts are invested in actively managed equity funds; therefore, a chance that poor security selection or focus on securities in a particular sector, category or group of companies will cause a mutual fund to underperform relevant benchmarks or other mutual funds with a similar investment objective.

We focus on the risks mentioned above and several other risks when analyzing the equity markets. We attempt to mitigate the various risks associated with investing in the equity markets, including non-systematic risk or individual security risk, generally by not

investing in individual equity securities. Instead, client portfolios are balanced and diversified with exposure to a multitude of U.S. based and international equity markets.

*Investment Style Risk:* The chance that returns from mid and-small capitalization stocks will trail returns from the overall stock market. Historically, mid-cap and small-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Mid-cap and small-cap stocks tend to have greater volatility than large cap stocks because, among other things, medium and small size companies tend to be more sensitive to changing economic conditions.

### *Fixed Income Risks*

The material risks associated with investing in fixed income securities include, but are not limited to:

*Management/Advisory Risk:* Our analysis of a particular individual fixed income security or investment vehicle may be incorrect and there is no guarantee that an individual security will perform as anticipated.

*Income Risk:* The chance that a mutual fund or exchange traded fund's income will decline because of falling interest rates.

*Interest Rate Risk:* As interest rates increase, bond prices fall and when interest rates decrease, bond prices increase. However, how much bonds change in price with interest rates depends primarily on duration, yield and the credit rating of the issuer.

*Inflation Risk:* The risk that the yield on a bond will not keep pace with a client's purchasing power.

*Call Risk:* The risk that a bond will be called prior to its maturity date, causing the bond's principal to be returned sooner than expected. Issuers tend to call bonds when interest rates fall. Consequently, if the bondholder wishes to reinvest the principal, it usually must be done so at a lower rate.

*Credit Risk:* There is a risk that issuers will not make payments on the securities they issue. Also, the credit quality of a bond may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a bond, which could cause a liquidity issue and as a result our ability to sell the security when desired.

*High Yield Risk:* High-yield instruments, meaning investments which pay a high amount of income generally involve greater credit risk and sensitivity to economic developments, giving rise to greater price movement than lower-yielding instruments.

*Manager Risk:* A portion of client accounts are invested in actively managed fixed income funds; therefore, a chance that poor security selection will cause a mutual fund to

underperform relevant benchmarks or other mutual funds with a similar investment objective.

We focus on the risks mentioned above and several other risks when analyzing income generating securities. We attempt to mitigate the various risks associated with investing in the credit markets by employing a strategy for investment in short duration or maturity, high credit quality bonds for the majority of our fixed income allocation with varying degrees of call protection, when applicable. We use credit analysis, diversification and price sensitivity to control risk.

If there is compelling value along the yield curve (relationship between maturity date and yield), we may structure a longer-term bond portfolio to take advantage of certain conditions in the fixed income market. We invest for income and capital appreciation when we believe the market offers an attractive valuation opportunity. When we believe the fixed-income market is overvalued, we invest for fair income return and preservation of capital. Finally, we monitor our fixed income holdings for potential downgrades in credit and make adjustments when necessary.

## **Item 9: Disciplinary Information**

We have no legal or disciplinary events to report either in connection with the Firm or any of our officers or employees.

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

### **A. Registration as a Broker-Dealer or Broker-Dealer Representative**

Neither the Firm nor any officer or employee is registered as a broker-dealer or as a representative of a broker-dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither the Firm nor any officer or employee is registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to Our Advisory Business and Possible Conflicts of Interests**

Neither the Firm nor any officer or employee has any material relationships that would present a possible conflict of interest.

### **D. Selection of Other Advisors or Managers and How We Are Compensated for Those Selections**

We do not utilize nor select other advisors or third party managers. All assets are managed by us.

Since our founding, we have developed business relationships with Charles Schwab and Fidelity Investments, who provide custodial and execution services to our clients. For more detailed information regarding our relationship with Schwab and Fidelity, see this Brochure on page 11, Item: 12 Brokerage Practices.

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

### **A. Code of Ethics and Personal Trading Policy**

We have implemented a Code of Ethics (“the Code”), which is available to existing and prospective clients upon request. The Code is based on the principle that all employees of the Firm have a fiduciary duty to place the interests of our clients ahead of their own and the Firm’s. The Code applies to all “Access Persons,” as defined below. Access Persons must avoid activities, interests and relationships that might interfere with making decisions in the best interests of our clients.

We place great emphasis on complying with all applicable laws and regulations governing our practices as a Registered Investment Adviser. All of our employees are expected to adhere strictly to the guidelines outlined in the Code, which requires our employees to submit personal securities transactions and holdings reports to us on a periodic basis for review by our Chief Compliance Officer. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of any material non-public information about our clients or their account holdings by us or any of our employees.

“Access Persons” means all employees, directors and officers of our Firm who: (i) have access to non-public information regarding our clients’ purchases or sales of securities, and (ii) are involved in making securities recommendations to clients. Client services personnel who regularly communicate with clients also may be deemed to be Access Persons.

### **B. Recommendations Involving Material Financial Interests**

We do not recommend that our clients buy or sell any security in which a related person of the Firm has a material financial interest.

### **C. Gift Policy**

Access Persons are prohibited from soliciting gifts of any size under any circumstances. On occasion, because of their position with us, Access Persons may be offered, or may receive without notice, gifts from clients, brokers, vendors or other persons. Acceptance of extraordinary or extravagant gifts is prohibited. Any such gifts must be declined and returned in order to protect our reputation and integrity. Gifts of nominal value (i.e., a gift whose reasonable value, alone or in the aggregate, is

not more than \$250 in any twelve-month period), customary business meals, entertainment (e.g., sporting events), and promotional items (i.e., pens, mugs, T-shirts) may be accepted. All gifts received by an Access Person that might violate the Code must be promptly reported to the Chief Compliance Officer. If the gift is more than \$250, the Chief Compliance Officer (CCO) will consult with the President and Chief Investment Officer to determine the next appropriate step in returning the gift.

#### **D. Interest in Client Transactions and Personal Trading**

Conserve Capital Advisors permits its Access Persons to engage in personal securities transactions; however, personal securities transactions by an employee may raise a potential conflict of interest if an Access Person trades in a security that is considered for purchase or sale by a client. Therefore, except for open-end mutual funds, Access Persons are prohibited from buying or selling securities that are recommended to our clients or securities in which our clients are invested. Conserve's Code of Ethics is designed to ensure that those persons at the firm who are responsible for developing or implementing the firm's investment advice or who provide the investment advice to clients are not able to act thereon to the disadvantage of clients. The Code further prohibits Conserve's personnel from using any material non-public information in securities trading. In an effort to reduce or eliminate certain conflicts of interest involving personal trading by Access Persons, our policy requires that we use a list of restricted or prohibited transactions in specific reportable securities.

#### **E. Privacy Policy**

We place significant focus on protecting our client's private information in accordance with the requirements of the Gramm-Leach-Bliley Act. To protect client information, we have implemented information/cyber security policies and procedures to help protect client information and to keep it private and secure. We maintain physical, electronic, and procedural safeguards to comply with federal standards to protect your personal information.

We do not disclose any non-public personal information about clients or former clients to any non-affiliated third parties, except as permitted by law. In the course of servicing our clients' accounts, we may share some client information with certain service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.

We restrict internal access to non-public personal information about our clients to employees only on a "need-to-know" basis as necessary to facilitate our capability to provide clients with products or services. We have a strict policy that prohibits selling information about current or former clients or their accounts to anyone. It is also our policy not to share client information unless required to process a transaction, at the request of a client, or as required by law.

A copy of our privacy policy notice is provided to each client prior to, or contemporaneously with, the execution of the advisory agreement, and, thereafter, we deliver a copy of our current privacy policy notice to our clients on an annual basis.



## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker-Dealers**

As previously outlined, we recommend our clients establish brokerage/custodial accounts with either Charles Schwab or Fidelity Investments to maintain custody of the assets we manage. In addition to offering client custody services, both Charles Schwab and Fidelity Investments provide us with execution services for transactions in the accounts of clients for whom they act as custodian. Although we recommend our clients establish accounts at either Charles Schwab or Fidelity Investments, each client is responsible for making the final decision as to which firm is selected for brokerage/custody. We are independently owned and operated and we are not affiliated with either Charles Schwab or Fidelity Investments.

In connection with client accounts maintained in their custody, neither Charles Schwab nor Fidelity Investments generally charge separately for custody services, but they are compensated by account holders through the commissions and other transaction or asset-based fees for securities trades that are executed through their brokerage trading platforms.

Our consideration in recommending Charles Schwab and Fidelity Investments is based on a number of factors including, but not limited to, their historical business relationship with us and their financial strength, reputation, execution capability, pricing, research and services, relatively low transaction and commission fees and account reporting ability.

Charles Schwab and Fidelity Investments provide various products and services that assist us in managing and administering client accounts, such as software and technology that: (i) provides access to client account data (such as trade confirmation and account statements); (ii) facilitates trade execution and allocation of aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates the payment of the advisory fees from its client accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

In addition, Charles Schwab and Fidelity Investments offer other services that are intended to help us manage and further develop our business. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefit providers, human capital consultants and insurance providers. Additionally, Charles Schwab and Fidelity Investments may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Charles Schwab and Fidelity Investments may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Charles Schwab and Fidelity Investments may also provide other benefits such as educational events or occasional business entertainment of our staff.

In evaluating whether to recommend that our clients establish brokerage/custodial accounts with Charles Schwab and Fidelity Investments, we may take into account the

availability of some of the foregoing products, services and other arrangements offered to us as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided to us by Charles Schwab and Fidelity Investments, which may be perceived as creating a potential conflict of interest. We receive no referrals from Charles Schwab or Fidelity Investments in exchange for using their services.

There are no “soft dollar” benefits received either by the Firm or by our officers or employees. Broker-dealers are not recommended to our clients based on the receipt of research, products or services and no research is obtained due to brokerage commissions.

Our Chief Compliance Officer is available to address any questions you may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

## **B. Best Execution**

Obtaining best execution is an important aspect of every trade we place for a client account. Our Best Execution Committee reviews the quality of services provided by Charles Schwab and Fidelity Investments including the accuracy and speed of execution, commission rates, transaction fees, reputation and integrity, reporting, fairness in resolving disputes, financial responsibility and responsiveness. We have controls in place for monitoring execution in our clients’ portfolio transactions, including reviewing trades for best execution.

Although the commissions and/or transaction fees paid by our clients generally comply with our duty to obtain best execution, clients may pay a commission that is higher than what another qualified broker-dealer might charge to effect the same transaction when we determine, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services we receive.

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. Best execution is also about pricing, not just fees. Accordingly, although we seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

The brokerage commissions or transaction fees charged by the broker-dealer/custodian are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if the securities we purchase are no-load mutual funds that are traded at net asset value as determined at the daily market close.

## **C. Aggregation and Allocation of Transactions**

Although each client's portfolio account(s) is individually managed, we may purchase or sell the same securities at the same time for multiple clients. When this occurs it is often advantageous to aggregate the securities of multiple clients into one trading block for execution. If portfolio securities are purchased or sold in an aggregated transaction with the securities of other clients, all clients will receive the same execution price, and if the aggregated purchase or sale involves several executions to complete the transaction, clients will receive the average price paid or received for the aggregated transaction.

However, if an aggregated transaction results in only a partial execution and the equal allocation of the partial execution amongst multiple clients would result in an inefficient trading unit in client portfolios, we reserve the right to allocate the transaction to specific individual clients on an equitable rotational basis so that over time no client is disadvantaged in the management of its portfolio.

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

### **A. Frequency and Nature of Periodic Reviews**

Client accounts are reviewed daily by the portfolio manager responsible for the account to continually assess the disposition of assets and investment performance. More rigorous reviews are conducted by our Investment Policy Committee members quarterly. The Investment Policy Committee members include: Our President and Chief Investment Officer, Chief Compliance Officer and all portfolio managers. The Committee discusses overall investment strategies, economic and financial markets analysis, issues concerning individual client portfolios and any compliance related issues. In addition, regular meetings are scheduled between the Chief Investment Officer and portfolio managers on ever-changing and evolving economic and financial developments. The meetings involve both big picture discussions, as well as considering individual investment decisions that have been implemented on a client by client basis.

### **B. Factors That Trigger a Non-Periodic Review of Client Accounts**

Some of the factors that trigger non-periodic reviews include, but are not limited to: (i) changes in a client's personal or financial situation; (ii) when, in our judgment, significant developments have occurred or are likely to occur in the economy and/or in the financial markets; and (iii) evaluating year-end tax swap opportunities for our clients.

### **C. Content and Frequency of Client Provided Reports**

We provide comprehensive quarterly reports to our clients with in-depth analysis, including performance of various segments of the investment portfolio over a variety of time intervals, performance measured against comparative indices, asset allocation and

reconciliation, cash flow review, inventory of investment holdings and a list of each transaction during the quarter. In addition, our clients receive monthly account statements and confirmation statements of each transaction in their account from Charles Schwab and Fidelity Investments. We urge clients to carefully review those statements and compare them to our quarterly statements.

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

### **A. Economic Benefits Provided by Third Parties for Advice**

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients.

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

We have entered into agreements with certain individuals to refer prospective clients to the Firm. In connection with such agreements, the individual making the referral receives a percentage of advisory fees received by the Firm if the referred client becomes an advisory client of Conservest. Our use of a solicitor as a referral source conforms with the requirements outlined by Rule 206(4)-3 of the Investment Advisers Act of 1940, which, among other things, requires a written agreement between the Firm and solicitor, and a separate written disclosure document informing the client that the solicitor is compensated by us for referring the client and the terms of such compensation.

Clients who are referred to us by a solicitor are not disadvantaged in any way, in that they pay to us the same investment advisory fee based upon the quantity of assets under management as non-referred clients.

## **Item 15: Custody**

We do not provide custodial services and recommend that our clients establish brokerage/custodial accounts with either Charles Schwab or Fidelity Investments, who are FINRA registered broker-dealers and members of SIPC, to maintain custody of client assets. In addition to offering our clients custody services, Charles Schwab and Fidelity Investments provide us execution services on client transactions for whom they act as custodian. Although we recommend establishing an account at either Charles Schwab or Fidelity Investments, it is ultimately the client's decision regarding which custodian to select. We are independently owned and operated and we are not affiliated with either Charles Schwab or Fidelity Investments.

Although we do not provide physical custodial services, we assist our clients in making third party wire transfers using standing letters of authorization that are structured so we do not have discretion with respect to amount, payee and timing of transfers. Per SEC guidance this is deemed legal custody.

Although we do not provide custodial services, on a daily basis we reconcile all investment positions and values held in each client's account. On a quarterly basis, we compare our investment reports with statements provided to our clients by Charles Schwab and Fidelity Investments.

Clients receive statements directly from Charles Schwab and Fidelity Investments on a monthly basis. We urge our clients to carefully review those statements and compare the custodial records to the quarterly reports we provide them. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Charles Schwab and Fidelity Investments generally do not charge separately for custody services but are compensated by accounts holders through the commissions and other transaction related or asset-based fees for securities trades executed through them.

### **Item 16: Investment Discretion**

Clients that retain us to provide advisory services on a discretionary basis grant us full discretion over the selection and quantity of securities to be purchased or sold for their accounts. However, our investment authority and discretion is subject to specified investment objectives, guidelines and conditions that are established in conjunction with our clients, which are discussed in our customized Investment Policy Statement, and evolves over time.

For example, a client's portfolio may be invested in only certain types of fixed income securities, or restrictions may be established regarding the quantity or percentages of a particular class of securities that may be held in a client's portfolio.

We do not manage any client's assets on a non-discretionary basis; however, if at some point we do manage non-discretionary assets, the client retains the right to approve or disapprove the specific investment recommendations that we make in connection with the management of the client's account. Non-discretionary clients are not obligated to follow the investment recommendations that we provide. However, after receiving client approval regarding a specific recommendation, we will execute the transaction on the client's behalf through the custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

We do not take any action or give any advice with respect to voting of proxies. Clients are expected to vote their own proxies. Charles Schwab, Fidelity Investments or the issuer of the security mails proxies directly to each client.

Clients should direct all proxy questions to the issuer of the security or when assistance on voting a proxy is requested, we will provide guidance and/or recommendations to our clients. If a conflict of interest exists, we disclose it to our clients.

## **Item 18: Financial Information**

### **A. Balance Sheet**

We are not required to attach a balance sheet for our most recent fiscal year because we do not require the prepayment of more than \$1,200 in fees per client, six months or more in advance.

### **B. Financial Condition**

We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to our clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

We have not been subject of a bankruptcy petition in the last ten years.