



## Coombe, Bender & Company, LLC

SEC Form ADV Part 2A

Firm Brochure (“Brochure”)

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March 22, 2020

This Brochure provides information about the qualifications and business practices of Coombe, Bender & Company, LLC. If you have any questions about the contents of this Brochure, please contact us at telephone: (845) 647-8993 or e-mail [pcoombe@coombefinancial.com](mailto:pcoombe@coombefinancial.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.

Coombe, Bender & Company, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Coombe, Bender & Company, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

In this item, Coombe, Bender & Company LLC is required to discuss any material changes that have been made to this brochure since the last annual amendment. The firm has no information to disclose in relation to this item.

We will provide you with a new Brochure as necessary based on material changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Catherine M Coombe, CFP® at telephone (845) 647-8993 or e-mail [cbender@coombefinancial.com](mailto:cbender@coombefinancial.com). Our Brochure is also available on our web site, [www.coombebender.com](http://www.coombebender.com).

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## Item 3 - Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	7
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 – Disciplinary Information.....	11
Item 10 – Other Financial Industry Activities and Affiliations.....	11
Item 12 – Brokerage Practices.....	14
Item 13 – Review of Accounts.....	16
Item 14 – Client Referrals and Other Compensation .....	16
Item 15 – Custody .....	16
Item 16 – Investment Discretion .....	17
Item 17 – Voting Client Securities .....	17
Item 18 – Financial Information .....	17

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## Item 4 – Advisory Business

Coombe, Bender and Company, LLC (“CBC”) is an investment advisor located in upstate New York. CBC provides ongoing financial advice and management of portfolios based on a client’s personal investment objectives. Coombe, Bender & Company, LLC was formed in 2001, owned by Philip Coombe III, CFP® and Catherine M Coombe, CFP®.

### INVESTMENT SERVICES

CBC offers a combination of the following advisory services, where appropriate, to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

#### Customized Portfolio Management

CBC provides ongoing advice to clients regarding investment of client funds based on the individual needs of each client. CBC advisors discuss the client’s goals and objectives, based on the client’s particular circumstances, and use those goals and objectives to create and manage a client portfolio. CBC manages advisory accounts on either a discretionary or non-discretionary basis, guided by the objectives and personal investment goals of each client.

Clients can place reasonable restrictions on certain securities or types of securities placed in their portfolio.

#### Model Portfolio Management

CBC provides portfolio management services to clients using five proprietary model asset allocation portfolios. Each model portfolio is designed to meet a particular investment objective: conservative income, income, conservative growth, growth, and aggressive growth. CBC manages client accounts containing model portfolios on a discretionary basis.

CBC determines which model portfolio is suitable for each client’s circumstances, and, once the appropriate portfolio has been determined, management of the portfolio is based on the portfolio’s goals. Clients can place reasonable restrictions on certain securities or types of securities to be placed in the account and account supervision will be guided by the stated objectives of the client.

#### Financial Planning

CBC also provides advice in the form of financial planning. Clients engaging this service receive a detailed financial plan designed to achieve their stated financial goals and objectives. In general, the financial plan will address the following areas of concern:

PERSONAL: Family records, budgeting, personal liability, estate information and financial goals.

EDUCATION: 529 savings plans, financial aid, general assistance in preparing to meet a dependent’s continuing educational needs through development of an education plan.

TAX and CASH FLOW: Income tax and spending analysis and planning for current and future years.

DEATH AND DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

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RETIREMENT: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.

CBC gathers required information through in-depth personal interviews. Information gathered may include a client's current financial status, future goals and attitudes towards risk. CBC uses the information to create investment recommendations. It is the client's discretion to accept the proposed investment plan and work with the advisor to implement it.

Clients can also receive financial advice on a more limited basis. This may include advice on isolated area(s) of concern such as retirement planning, education funding or estate planning. CBC also provides consultation and administrative services regarding investment and financial concerns of the client. Additionally, CBC provides advice on non-securities matters such as those in connection with the rendering of estate planning, insurance and/or annuity advice.

#### 401(k) Consulting Services for Plan Sponsors

CBC provides advisory services for plan sponsors, assisting plan sponsors in the decisions required for establishing/updating a 401(k) defined contribution plan. CBC will meet with clients to determine their investment needs and goals. Using these investment goals as a guide, CBC will review various investments to determine which are appropriate to offer in the 401K plan.

CBC monitors the performance and suitability of Client investments offered within the Client 401K Plan, based on the procedures and timing intervals specified by the investment needs and guidelines.

CBC advises both pooled and self-directed participant accounts. Where Plan participants exercise control over their own accounts (self-directed), CBC provides annual educational support designed for Plan participants.

#### AMOUNT OF MANAGED ASSETS

As of December 31, 2019, CBC was actively managing \$129,000,000 of client assets on a discretionary basis and \$0 on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

#### FEES FOR PORTFOLIO MANAGEMENT

All fees for Customized Portfolio Management and Model Portfolio management are calculated on assets under management, at the end of each calendar quarter, and billed in arrears. The specific manner in which fees are charged by CBC is established in a client's written advisory agreement with CBC. A schedule of fees to be charged is located below. Fees are negotiable.

Generally, CBC will directly debit fees from client accounts, with client authorization; unless arrangements are made for the client to be billed directly and pay by check. CBC will invoice for fees quarterly, based on the

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value (market value or fair market value in the absence of market value, plus any margin balance) of a client's managed assets as of the end of the calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. All such fees shall be indicated on the fee invoice prepared and sent with Client's quarterly statement, and on the account statement provided by the custodian. Clients with multiple accounts, or clients with multiple accounts for various individuals in their immediate household, living at the same address, will be considered in the total for the purpose of reaching breakpoints in the fee schedule. Client shall have the option of having any fees attributable to pension assets included in the account paid by a third party and not be deducted from assets in the account. Client grants Advisor discretionary authority to combine fees associated with multiple accounts, and take from one account, in consideration of administrative and tax efficiencies.

### General Information

CBC fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, or other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the CBC management fee, and CBC shall not receive any portion of these commissions, fees and costs.

CBC management fees also do not include wire fees, margin interest, overnight or registered postage charges, mutual funds sales charges, IRA custodial fees or transaction charges. These fees are charged to the client directly by the mutual fund, custodian or financial institution when incurred.

The advisors of CBC are also principals, registered representatives and insurance agents of Coombe Financial Services, Inc. (CFS). CFS is a FINRA member broker-dealer and an insurance agency licensed with the State of New York. CFS is under common control and ownership with CBC. CBC may recommend CFS to its advisory clients in need of brokerage and insurance services; if appropriate to the needs of the clients. There are no referral fee arrangements between CBC and CFS for these recommendations.

In their separate capacities as registered representatives of CFS and licensed insurance agents, CBC advisors may also recommend and assist with the purchase of insurance and insurance-related investment products for which they will receive separate and customary compensation. Clients are under no obligation to engage CFS and/or these individuals when considering implementing advisory recommendations. The implementation of any and all recommendations is solely at the discretion of the client and clients are welcome to purchase investment products that are recommended through other brokers or agents that are not affiliated with CBC.

While CBC and its advisors and employees endeavor at all times to put the interest of the clients first as part of CBC's fiduciary duty, clients should be aware that the receipt of separate compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations by providing them an incentive to recommend products in which they have an interest.

Clients should note that similar advisory services may (or may not) be available from other registered (or

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unregistered) investment advisors for similar or lower fees.

#### Fee Offset

If a client chooses to purchase recommended securities and insurance products through registered representatives of CFS who are also advisors of CBC, CBC will charge no fee on the particular product for which the registered representatives receive compensation. The asset or product, as part of the management portfolio, will be omitted from the portfolio for fee calculation purposes.

#### Termination of the Advisory Relationship

A client agreement may be terminated at any time, by either party, for any reason upon receipt of 30 days written notice.

#### Fee Schedule

The annual fee for customized and model portfolio management will generally be charged as a percentage of assets under management. These fees are negotiable. Below is our general fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee (% billed quarterly)</u>
First \$100,000	1.00%
Next \$400,000	0.90%
Next \$500,000	0.80%
Next \$1 million	0.50%
Over \$2 million	Negotiable

Limited Negotiability of Advisory Fees: Although CBC has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be disclosed in the applicable contract between the adviser and the client.

#### FEES FOR FINANCIAL PLANNING

CBC will generally charge for financial planning services on an hourly basis, ranging from \$100 - \$250 per hour, depending on the nature and complexity of each client's circumstances. CBC may request a retainer upon completion of the initial fact-finding session with the client. The balance will be due upon completion of the plan or consulting services.

If a Financial Planning/ Consulting Services client implements the investment recommendation by engaging CBC for portfolio management services, CBC may, at its discretion, waive, discount, or adjust the client's Financial Planning or Consulting Services fee.

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## **Item 6 – Performance-Based Fees**

CBC and its supervised persons do not accept performance-based fees based on a share of capital gains on, or capital appreciation of, the assets of an advisory account.

## **Item 7 – Types of Clients**

CBC offers investment management, investment advisory and financial planning services, where appropriate, to individuals, pension and profit sharing plans (other than plan participants), trusts, estates, charitable organizations, and corporations or other business entities.

A minimum of \$250,000 assets under management and/or a minimum annual fee of \$2,350 is required for these services. The account size is negotiable. CBC may group certain related client accounts for purposes of achieving the minimum account size and determining the annualized fee.

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

### **METHODS OF ANALYSIS**

CBC maintains a buy and hold philosophy but will perform short term purchases and sales as market and economic circumstances warrant. We select mutual funds and exchange traded fund managers based on their risk-adjusted performance and we look for funds that match the needs of the client, carry low expense ratios, and perform well in both up and down markets.

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

#### **Fundamental Analysis**

We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

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 along with the overall market regardless of the economic and financial factors considered in evaluating the stock

#### **Technical Analysis**

We analyze past market movements and apply that 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. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.



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## Cyclical Analysis

In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security. This presents a risk because the fundamentals of the underlying stock may be the cause of the stock's movement; not its correlation with the market. This could mean the stock moves in a different direction than predicted.

## 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 about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

CBC uses the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

### Long-term purchases

When making long-term purchases, we purchase securities with the idea of holding them in a client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, 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

When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that by selling these securities quickly, they may continue to rise in value and the client will lose out on potential future gains.

### Trading

We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

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Regular trading creates a risk of missed-timing for each sale/purchase which could result in realized losses or unrealized potential gains.

### Short Sales

We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Short sales are very risky investments that may result in large losses. If the price of the stock increases after the shares are borrowed, the client's account will have to pay out the difference to purchase these stocks back. This difference is almost limitless as stocks can continue to rise in price.

### Margin Transactions

We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

### Option Writing

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, just like a stock or 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 us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we believe that the stock will increase substantially before the option expires.
- A put gives us 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 believe that the price of the stock will fall before the option expires.

We will 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

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upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss. A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

#### GENERAL RISK OF LOSS

Investing in securities of any type involves risk of loss that clients should be prepared to bear. CBC does not guarantee the future performance of an account or any specific level of performance, the success of any investment decision or strategy that CBC may use, or the success of the advisor's overall management of the account. Clients must understand that investment decisions made for client accounts by CBC are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

The review of material risks provided above is not meant to be a complete description of every risk that may be applicable. All investment activities involve a high degree of risk, including the possible risk of loss of an investor's entire investment. The information contained herein is a summary only.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CBC or the integrity of CBC's management. CBC has no information applicable to this Item.

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

CBC is a registered investment advisor and under common control and ownership with Coombe Financial Services, Inc ('CFS'), a FINRA member broker-dealer and insurance agency licensed with the State of New York. CBC may recommend CFS to its advisory clients in need of brokerage and insurance services, if appropriate to the needs of its clients. CFS may recommend CBC to its clients in need of advisory services. There are no referral fee arrangements between CBC and CFS for these recommendations.

Management personnel of CBC are separately licensed as registered representatives with CFS, our affiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

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Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients.

Clients, however, are under no obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of separate compensation by CBC and its management persons or employees creates a conflict of interest that may impair the objectivity these individuals when making advisory recommendations. CBC endeavors at all times to put the interest of its clients first as part of our fiduciary duty. We take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- our firm's management conducts regular reviews of each client account to verify that recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 11 – Code of Ethics**

CBC has adopted a code of Ethics expressing the firm's commitment to ethical conduct for all advisors. CBC and employees owe a duty of loyalty, fairness and good faith toward clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of gifts and the reporting of certain gifts and business entertainment items, account reviews, personal securities transactions and other areas where conflicts of interest could exist. All advisors and employees of CBC must acknowledge the terms of the Code of Ethics annually, or as amended.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interest of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing advisors and employees to invest for their own accounts.

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CBC advisors and employees may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person may have an interest or position in a certain security which may also be recommended to a client.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price. In the instances where there is a partial fill of a batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts may be included in the pro-rata allocation. Transaction costs are a flat fee assessed by the custodian and are not related to the number of shares or value of the transaction.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics to ensure our firm complies with regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of CBC may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment; unless the information is also available to the investing public.
- CBC requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations. These holdings are reviewed on a regular basis by CBC's Chief Compliance Officer.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- Clients may decline to implement any advice rendered.
- CBC and individuals associated with our firm are prohibited from engaging in principal transactions, cross agency transactions or cross trades.

Our Code of Ethics includes policies that require advisors and employees and other people associated with our firm to submit on an annual basis, a record of securities transactions placed within their own accounts. Upon hire, they must submit an initial list of securities holdings, and an annual list each calendar year-end. CBC principals review these reports regularly.

CBC's Code of Ethics also prohibits the use of material non-public information. A copy of our Code of Ethics is available to our advisory clients and prospective clients. Please contact Catherine Bender at telephone (845) 647- 4800 or e-mail [cbender@coombefinancial.com](mailto:cbender@coombefinancial.com) to request a copy.

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## Item 12 – Brokerage Practices

### Brokerage selection

For clients in need of brokerage or custodial services, we may recommend the use of either TD Ameritrade, Inc. or Folio Institutional, both of which are unaffiliated broker dealers. It should be understood that we do not have authority to negotiate transaction costs with these custodians and best execution may not be achieved; resulting in higher transaction costs for clients. These custodians charge a flat fee per trade, and depending upon the type of security, they may charge no transaction fee at all.

CBC participates in the institutional customer program offered by TD Ameritrade Institutional, a division of TD Ameritrade, which offers services to independent investment advisors which include custody services, trade execution, and clearance and settlement of transactions. As an institutional client, we receive some benefits from TD Ameritrade that are not generally available to TD Ameritrade retail investors. These benefits include the following products and services, which are provided at no cost or at a discount:

- duplicate client statements and confirmations;
- research related products and tools;
- consulting services; access to a trading desk serving advisor participants;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees and to certain institutional money managers;
- discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors.

CBC also works with Folio Institutional, a broker-dealer and custodian which offers services to independent investment advisors including custody services, trade execution, and clearance and settlement of transactions. As an institutional client, we receive some benefits from Folio Institutional that may not be available to Folio Institutional retail investors. These benefits include the following products and services, which are provided at no cost or at a discount:

- duplicate electronic client statements, confirmations and tax documents;
- research related products and tools;
- access to a trading desk serving advisor participants;
- access to “window trading” (the ability to execute unlimited trades in twice-daily windows of time,

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with no commissions, transactions fees or ticket charges);

- the ability to create model portfolios, to which clients subscribe, allowing advisors to efficiently manage multiple client account portfolios simultaneously;
- access to pre-assembled investment portfolios representing different industries, sectors, strategies and goals;
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees.

These products or services assist us in managing and administering client accounts. The benefits received by our firm or its personnel do not depend on the amount of brokerage transactions directed to TD Ameritrade or Folio Institutional.

Clients should be aware that the receipt of economic benefits by CBC creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade or Folio Institutional for custody and brokerage services.

We have reviewed the services of TD Ameritrade and Folio Institutional and recommend the services based on a number of factors. These factors include the professional services offered, transaction fees, and the custodial platform provided to clients.

Clients may direct us to place trades through another broker. However, we reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account.

#### Block orders

CBC will block trades where possible and when advantageous to clients. Block trading is the process of trading aggregate blocks of securities composed of assets from multiple client accounts. The process allows CBC to execute equity trade orders in a more timely and equitable manner, at an average share price. Transaction costs are a flat fee assessed by the custodian and are not related to the number of shares or value of the transaction.

## **Item 13 – Review of Accounts**

#### Customized Portfolio Management

CBC reviews the underlying securities of customized portfolios on a continuous and regular basis. We review individual accounts quarterly. We review accounts in the context of each client's stated investment objectives and guidelines. CBC will review accounts more frequently to accommodate additions to cash, unusual price movements, and any changes in investment objectives by the client. Philip Coombe III, CFP® and Catherine Coombe, CFP® conduct client account reviews. CBC will provide written quarterly reports, summarizing account performance, balances and holdings.

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### Model Portfolio Management

CBC reviews the underlying securities of model portfolios on a continuous and regular basis. We review individual accounts quarterly. We review accounts in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. CBC will review accounts more frequently to accommodate additions to cash, unusual price movements, material changes in the market, political or economic environment, or any material changes in a client's circumstances. Philip Coombe III, CFP® and Catherine Bender, CFP® conduct client account reviews. CBC will send a quarterly letter apprising clients of economic and market events, any changes to the model portfolios and reminding them to inform us of any changes in their financial situation or investment objectives, or whether they wish to impose investment restrictions or modify existing restrictions.

### Financial Planning and Consulting Services

CBC will review financial planning client accounts and provide written reports as contracted for at the beginning of the advisory relationship.

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

### Incoming Referrals

CBC does not receive an economic benefit, from someone who is not a client, for providing investment advice or other advisory services to clients.

### Referrals Out

CBC or a related person does not directly or indirectly compensate any person who is not a supervised person for client referrals.

## **Item 15 – Custody**

All assets are held at qualified custodians, and therefore, CBC does not take physical possession of client assets. However, because CBC directly debits client fees from their custodial accounts, we are deemed to have constructive custody of client funds. As part of this billing process, CBC advises the custodian of the amount to debit from each client account.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. CBC urges you to carefully review these statements and compare the holdings and balances to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact us directly if they believe there is an error in their statement.



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## **Item 16 – Investment Discretion**

CBC accepts discretionary authority to manage securities accounts on behalf of clients. This discretionary authority is granted at the onset of the client relationship. Limited power of attorney for account management purposes is established with account opening documents. We have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, and the date and price at which they should be purchased or sold. Such discretion is to be exercised in a manner consistent with the stated investment objectives and investment restrictions for a client account. Clients may change or amend investment objectives and restrictions as necessary. CBC consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been provided by the client.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, CBC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients will receive their proxies, or other solicitations, directly and retain the responsibility for voting proxies for all securities maintained in their portfolio. CBC may provide advice to clients regarding the clients' voting of proxies. Clients can contact CBC with questions about solicitations at telephone (845) 647- 4800 or e-mail [cbender@coombefinancial.com](mailto:cbender@coombefinancial.com).

## **Item 18 – Financial Information**

CBC has no additional financial circumstances to report and has not been the subject of a bankruptcy petition at any time during the past ten years.