



# Anchor Capital

## **Anchor Capital Management Group, Inc.**

**15 Enterprise, Suite 450  
Aliso Viejo, CA 92656  
(800) 290-8633**

## **FIRM BROCHURE Part 2A of Form ADV**

**March 2020**

**[www.anchor-capital.com](http://www.anchor-capital.com)**

This Firm Brochure provides information about the qualifications and business practices of Anchor Capital Management Group, Inc. If you have any questions about the contents of this Brochure, please contact Lawrence V. Stawiariski, Chief Compliance Officer, at (800) 290-8633.

Anchor Capital is a Securities and Exchange Commission (“SEC”) registered investment adviser. Our registration as an investment advisor does not imply a certain level of skill or training. The oral and written communication we provide to you is information you may use to evaluate us and our services.

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 Anchor Capital Management Group, Inc., is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2 – MATERIAL CHANGES

The material Changes section of Anchor Capital’s Investment Advisor Firm Brochure – Form ADV Part 2A (“Brochure”) will be updated annually to reflex any material changes that have occurred since the previous release of the Firm’s Brochure.

Anchor Capital believes that communications and transparency are always the foundation of our relationship and continually strive to provide you with complete and accurate information.

### **Material Changes**

Since the date of our last annual amendment filed in March 2019, there have been no material changes.

### **Full Brochure Available**

You may at any time view the current Disclosure Brochure on-line at [www.anchor-capital.com](http://www.anchor-capital.com) or request a copy directly from us at (800) 290-8633 or [info@anchor-capital.com](mailto:info@anchor-capital.com). Our brochure is provided free of charge. The firm’s Discovery Brochure is also available on-line at the SEC’s Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 4 – ADVISORY BUSINESS**

Anchor Capital Management Group, Inc. (Anchor Capital) is a SEC Registered Investment Advisory firm located in Aliso Viejo, California. The firm has been in business since 1996. The principal owners of Anchor Capital are Eric Leake and Garrett Waters. As of December 31, 2019, Anchor Capital had \$386,667,867 of regulatory assets under management. Of that amount, \$386,667,867 of assets were managed on a discretionary basis and \$0 of assets were managed on a non-discretionary basis.

### **Investment Management Services**

Anchor Capital provides investment management advice, while primarily allocating client assets into Anchor's Risk Managed Mutual Funds, Total Solution Portfolios and Customized Risk Managed Portfolios. The portfolios contain both exchange traded funds and a percentage of affiliated mutual funds that are managed by Anchor Capital and incorporate the firm's risk managed investment strategies. The mutual funds also emphasize the importance of non-traditional investment strategies that are generally unconstrained to traditional benchmarks, pursuing both non-correlation and profits regardless of financial market direction. In addition, Anchor Capital serves as the investment advisor over these affiliated mutual funds and receives investment management fees directly from the mutual funds.

Anchor Capital tailors its advisory services to the individual needs of clients. Prior to engaging Anchor Capital to provide investment advisory services, the client is required to enter into a written Investment Advisory Agreement, which sets forth the terms and conditions regarding services to be rendered. The firm's licensed advisers consult with clients initially and on an ongoing basis to determine needs. Anchor Capital ensures that clients' investments are suitable for their investment needs and review the following, including but not limited to current financial conditions, goals, objectives and risk tolerance based on the information provided.

Anchor Capital also provides financial planning strategies to assist its clients with their financial goals, manage each of their unique needs and priorities. Anchor Capital follows a financial planning process where the client with the assistance of an Advisor, identifies their specific financial requirements, goals, objectives, time horizon, restrictions, current financial conditions and risk tolerance. After review and analysis of the client's situation, a plan is constructed.

Anchor Capital relies on the accuracy of information provided by the client and is not required to verify any information it receives from the client or from the client's other professionals or service providers. Anchor Capital's clients may choose to accept or reject any of our financial planning recommendations but should note that the rejection of any or all recommendations may affect their financial plan as proposed.

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Clients are advised to notify Anchor Capital if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the firm's management services. Clients can impose reasonable restrictions or mandates on the management of their account if, in Anchor Capital's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Affiliated Registered Funds**

Anchor Capital serves as the investment advisor to the Anchor Risk Managed Credit Strategies Fund, Anchor Risk Managed Equity Strategies Fund, Anchor Risk Managed Global Strategies Fund and Anchor Risk Managed Municipal Strategies Fund. (hereinafter referred to collectively as the "Anchor Risk Managed Funds"). The Anchor Risk Managed Funds seeks to provide total return from income and capital appreciation with a secondary objective of limiting risk during volatile market conditions. Anchor Capital manages the Anchor Risk Managed Funds assets based on the specific investment objectives and restrictions as outlined in the Anchor Risk Managed Fund's prospectus and statement of additional information, rather than on the individual needs and objectives of the fund's shareholders. When appropriate and suitable, Anchor Capital may recommend to clients that they invest in the Anchor Risk Managed Funds. Prior to investing, shareholders should consider whether the investment strategy of each of the individual Anchor Risk Managed Funds meets their investment objectives and risk tolerance. For a complete description of the investment object and risks, please refer to the Anchor Risk Managed Funds prospectus.

The Anchor Risk Managed Funds are diversified series of the Northern Lights Fund Trust IV, an Investment Company registered under the Investment Company Act of 1940.

### **Unified Managed Account Program (UMA)**

Anchor Capital also participates in Unified Managed Account (UMA) programs. The "sponsors" of these programs include currently Envestnet, TD Model Market Center, SmartX, Adhesion, Oranj, Circle Black and Vestmark which contract directly with their clients to perform various types of investment management services. The UMA combines the investment expertise of asset managers, exchanged traded funds ("ETFs"), separately managed accounts and mutual funds into single portfolio services to their clients, where Anchor Capital participates in these programs with its Total Solution Portfolios ("Model Portfolios"). As part of this UMA, the adviser typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account.

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Anchor Capital generally applies the same investment philosophy and strategy for its Model Portfolios offered in the UMA program as is done for Anchor Capital's other clients, depending upon any restrictions, limitations, or specific directions that the sponsors or their clients give to us. It is the sponsors that have client authority to issue restrictions, limitations, specific directions, to purchase and sell securities on a discretionary or non-discretionary basis pursuant to the investment objective chosen by the sponsor's client. For specific details regarding the managers, Anchor Capital recommends the clients review the individual companies ADV Part 2A brochure.

We currently do not charge for any UMA platforms and receive compensation through management fees as the investment advisor of the Anchor Risk Managed Funds. (these Model Portfolios contain a percentage of Anchor Risk Managed Funds in their allocation).

### **Serving as a Sub-Advisor**

Anchor Capital may from time to time participate and serve as a sub-advisor under other firms' advisory programs, including separately managed accounts ("SMA"). Anchor Capital may also from time to time participate as a registered sub-advisor for investment advisers of various mutual funds. Anchor Capital receives a fee for account management services provided to clients of outside firm as outlined in a sub-advisory agreement. This agreement may also outline items such as the advisory services to be provided, the responsibilities of Anchor Capital and the other firm, and the terms of engagement including, but not limited to, fees and termination. Responsibilities such as collecting the clients' investment objectives, determining the strategy best suited for the clients, and communication with the clients will be the responsibility of the outside firm. Anchor Capital has no responsibility to assess the value of services provided by the outside firm; therefore, the clients should evaluate whether such a program is suitable for their needs and objectives, and whether comparable or similar services are available at a lower cost elsewhere.

### **Tailored Relationships**

Anchor Capital also tailor's proprietary investment strategies with traditional asset allocation methods to fit client needs based on investment objectives, current financial conditions, risk tolerance assessment and investment suitability of the clients.

## **ITEM 5 – FEES AND COMPENSATION**

Anchor Capital's standard practice is to not charge its clients an investment advisory fee. If an investment advisory fee is however, agreed to base upon varying circumstances, including services to be performed. The quarterly investment advisory fee is generally between 0.0875% to

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0.1875% (0.35% to 0.75% per annum) depending upon the market value of the assets under management and the type of investment advisory services to be rendered by Anchor Capital. All billing is in arrears and charged on a quarterly basis. Fees charged to pension plans, retirement plans, and institutional clients may be negotiable. Anchor Capital maintains full discretion to set fees and/or waive any fees. Anchor Capital's fees if charged, may vary depending on the client's financial representative and Anchor has discretion to adjust or waive its fees. In addition, Anchor Capital may have agreements with certain broker-dealers or registered investment advisors to manage client accounts through the broker-dealers or registered investment advisor's custodian at a reduced advisory fee.

As part of Anchor Capital's investment strategies, Anchor will include investing in various mutual funds, or exchange traded funds which typically charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees are in addition to our fees and will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, clients may pay an initial or deferred sales charge. These separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or your representative can provide it upon request. Also, many mutual funds offer share classes that pay shareholder servicing fees (12b-1 fees) to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. Additionally, mutual funds typically offer various share classes of the same fund that will have different levels of fees and expenses and depending on a variety of factors clients may be eligible to invest in them and pay lower fees.

Anchor Capital also provides general financial planning to individual clients. The fees are fixed for the planning services provided. Anchor Capital maintains discretion to set these fees and/or to waive these fees for financial planning services.

Investment advisory services generally commence with the effective date of the Investment Advisory Agreement ("Agreement"). The Agreement between Anchor Capital and the client will continue in effect until terminated in writing by either party pursuant to the terms and conditions of the Agreement. Fees, if applicable will generally be deducted directly from the client's custodial account. The client is responsible to pay for the services rendered until the termination of the Agreement. Any unearned fees will be refunded to client on a prorated basis.

### **Use of Affiliated Mutual Funds and Model Portfolios**

When Anchor Capital invests assets in your account in shares of our affiliated mutual funds and Total Solution Portfolios (these Model Portfolios, contain a percentage of mutual funds in their

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allocations, that are managed by Anchor), you are subject to those funds' administrative and operating expenses. In the case of the Anchor Risk Managed Funds, Anchor Capital serves as the investment advisor. As the investment advisor, Anchor Capital receives directly from the mutual funds, an investment management fees up to 1.60% per annum, payable in arrears but is calculated and deducted from the fund daily, based on the capital account balance of each fund, which is based on value provided by the underlying managing of the Anchor Risk Managed Fund series and adjusted for capital activity at the fund level such as distributions and the payment of fees and expenses that occurred during the quarter.

This compensation that we earn from the internal management fees paid from the funds creates a conflict of interest by incentivizing us to use our funds and models, instead of other unaffiliated mutual funds. We seek to mitigate this conflict of interest by disclosing this compensation to you and not charging an investment advisory fee and/or in some circumstances presenting an advisory fee discounts, which together help ensure transparent and fair pricing to our clients.

In addition, to the management fee, 0.06%-1.08% in each of the Anchor Risk Managed Funds are subject to administrative and operating expenses borne directly by or allocated to such funds along with the pro rata expenses, fees and reserves from the underlying investments made by each such fund. Anchor Risk Managed Funds expenses may vary for each fund, but typically include, among others, administration, legal, audit, accounting, bank service fees such as wire fees, initial and ongoing registration filings and annual tax preparation and filings. Specific management fee and related expense information may be found in the fund prospectus and other offering documents as noted in the previous section.

Anchor Capital also receives research and other products or services from broker-dealers and third-party service providers for Anchor Risk Managed Funds referred to as "soft dollar benefits." Soft dollars are used to pay for research and data services utilized by Anchor Capital. Anchor Capital receives the benefit but does not pay for these services. Soft dollar benefits include a variety of research, investment information, and resources provided by third parties that are expected to enhance Anchor Capital's general portfolio management capabilities.

Anchor Capital obtains some of its soft dollar benefits through commission-sharing arrangements ("CSAs") with selected broker-dealers. Under CSAs, Anchor Capital arranges with executing broker-dealers to "unbundle" their commission rates in order to allocate a portion of total commissions paid to a pool of soft dollar credits maintained by a third party Soft Dollar aggregator that can be used to obtain eligible soft dollar benefits made available by third-party service providers at the direction of Anchor Capital.

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As permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended and regulatory guidance from the SEC; in circumstances in which Anchor Capital has brokerage discretion and when execution is comparable, a commission may be paid that is higher than that which another broker-dealer might have charged for effecting the same transaction in recognition of the value research services provided by the broker-dealer.

Conflicts of interest arise by the use and allocation of soft dollar arrangements. Soft dollar benefits have the potential to cause an investment adviser to trade frequently to generate soft dollar commissions to pay for these products or services. In addition, the adviser has the incentive to select or recommend a broker-dealer based on interest in receiving research or other products or services, rather than receiving most favorable execution. Anchor Capital has adopted policies and procedures concerning soft dollars and require that such use be consistent with Section 28(e), provide lawful and appropriate assistance in the investment decision-making process, and that the value of the research or brokerage service obtained be reasonable in relation to the commissions paid.

### **ERISA Qualified Plans/Fiduciary Status**

In accordance with Department of Labor regulations under Section 408(b)(2) of ERISA, we are required to provide certain information regarding our services and compensation to assist fiduciaries and plan sponsors of those retirement plans that are subject to the requirements of ERISA in assessing the reasonableness of their plan's contracts or arrangements with us, including the reasonableness of our compensation. This information (the services we provide as well as the fees) is provided to you at the outset of your relationship with us and is set forth in your advisory contract with us (including the fees, all associated cost, other exhibits), and then at least annually to the extent that there are changes. Depending on the agreement between Anchor Capital and/or affiliate and the plan sponsor, pursuant to the agreed upon investment advisory contract we may either share fiduciary responsibility with the plan sponsor or we may be the investment manager specifically appointed to have full discretionary authority and control to make actual investment decisions in the plan.

### **Advisory Fees for Sub-Advisory Relationships**

Fees and payment arrangements are negotiable and will vary on a case by case basis.

### **Wrap Fee Programs.**

Anchor Capital does not participate in a wrap fee program.

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## **Miscellaneous Fees**

Clients may incur certain charges imposed by financial institutions which include, but are not limited to TD Ameritrade, Fidelity and other custodians, broker-dealers or third-party investment managers selected by the client. These fees may include, but are not limited to custodial fees, charges imposed directly by a mutual fund or exchange traded fund, which are disclosed in the fund's prospectus (e.g. management fees and other fund expenses), wire transfer, electronic fund fees and trade commission fees.

## **ITEM 6 – PERFORMANCE BASED FEES AND SIDE -BY-SIDE MANAGEMENT**

Performance based fees are those based on a share of capital gains on or capital appreciation of the assets of a client. Anchor Capital does not provide any services to its clients for performance-based fees.

## **ITEM 7 – TYPES OF CLIENTS**

Anchor Capital provides investment advisory services to a variety of clients, including individuals and high net worth families and individuals, related entities including trusts, estates, charitable organizations (foundations), business entities, retirement plans and other investment advisors. We also provide advisory services to pooled investment vehicles and mutual funds registered under the Investment Company Act of 1940. In this circumstance, investment advice is provided directly to the fund and not to the shareholders of the fund. Anchor Capital does not impose a minimum portfolio size on clients and/or proposed clients.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Anchor Capital is required to describe the methods of analysis and investment strategies is uses in formulating investment advice or managing assets. The firm primarily allocates clients' investment managed assets among different risk managed strategies to maximize risk-adjusted returns. Anchor Capital evaluates the client's current financial situation, suitability, goals, objectives and tolerance for risk in formulating investment advice and asset allocation.

Anchor Capital believes that asset allocation and investment decisions should be tailored to the help the client achieve their overall financial objectives while minimizing risk exposure. These goals are achieved by implementing investment strategies that Manage risk to smooth portfolio returns by adjusting to trends and volatility over long, intermediate and short-term time frames. The strategies are primarily comprised of various mutual funds, exchanged trade funds, and derivatives for accomplishing these objectives and managing risk. Anchor's investment

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strategies are implemented by asset allocation into Anchor's Risk Managed Mutual Funds, Total Solution Portfolios and Customized Risk Managed Portfolios.

Anchor Capital employs technical and quantitative analysis and emphasizes disciplined, risk management in its investment selection and implementation of strategies. The technical analysis implemented involves, among other things, the implementation and review of assets allocation models, market trends, economic market conditions and indicators, and publicly available reports.

Anchor Capital is required to explain the material risk involved for each significant investment strategy or method of analysis it uses. Investing in securities involves the risk of loss. Clients should be prepared to bear such loss. With equities, there is a risk that one's investments will depreciate because of stock market dynamics. Investments in fixed income may involve interest rate risk which is the risk a fixed income investment's value will change due to a change in interest rates. In addition, fixed income investments may involve reinvestment risk, which is the risk that interest and dividend income from existing investments may not be able to be reinvested in a way that will earn the same rate of return. Other risks may include, but are not limited to inflation risk/purchasing power risk, which is the risk that the return from an investment will not cover the loss in purchasing power caused by inflation, and default risk, which is the risk that a company or entity will be unable to make the required interest or principle payments in accordance with the terms and conditions of the fixed income or credit instrument.

While a specific strategy may involve a certain set of risks viewed in isolation, the strategy must also be viewed in the broader portfolio context including diversification and correlation benefits provided by the investment. The significant risks and benefits of each strategy are discussed with the client prior to recommendation, client approval and implementation.

We use our best judgment and good faith efforts in the execution of Anchor Capital investment strategies and recommendations. It is the responsibility of the client to give us complete information and to notify us of any changes in their financial circumstances, goals or risk tolerance.

Not every investment decision or recommendation made by us will be profitable. Clients' need to understand that despite our absolute return objective, there is no guarantee the investment objectives will be reached, and that past performance is not a guarantee of future results. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time.

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## **ITEM 9 – DISCIPLINARY INFORMATION**

Anchor Capital is required to disclose all material facts regarding any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. Anchor Capital does not have any required disclosures to this item.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Anchor Capital is required to disclose any relationship or arrangement that is material to its advisory business or to its clients that it or any of its management persons have with certain related persons. Anchor Capital does not have any required disclosures to this Item.

## **ITEM 11 – CODE OF ETHICS**

Anchor Capital has adopted a Code of Ethics ("Code") that sets forth the standards of conduct expected of Anchor Capital employees and requires compliance with applicable securities laws. In accordance with Section 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"), Anchor Capital's Code contains written policies reasonably designed to prevent the unlawful use of material non-public information by Anchor Capital or any of its associated persons. The Code also requires that certain Anchor Capital personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of initial public offerings and limited offerings.

Anchor Capital's Code requires among other things that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Anchor Capital above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;

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- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on you and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

A copy of the Code is available to any client or prospective client upon request by contacting us at (800) 290-8633 or [info@anchor-capital.com](mailto:info@anchor-capital.com). The Code of Ethics is also located at [www.anchor-capital.com](http://www.anchor-capital.com).

Anchor Capital or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for our clients. When appropriate we will purchase or sell securities for clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases, Anchor Capital representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our clients. Further, Anchor Capital may give advice or take action with respect to the investments of one or more individually managed accounts that may not be given or taken with respect to other individually managed accounts with similar investment programs, objectives, and strategies. Accordingly, individually managed accounts with similar strategies to other individually managed accounts may not hold the same securities or instruments or achieve the same performance.

Our employees are required to follow the Code when making trades for their own accounts in securities which are recommended to and/or purchased for clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory clients while at the same time, allowing employees to invest their own accounts.

We will disclose to advisory clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice. As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

- A director, officer, associated person, or employee of Anchor Capital shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the

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investing public on reasonable inquiry. No person of our firm shall prefer his or her own interest to that of the advisory client.

## **ITEM 12 – BROKERAGE PRACTICES**

Anchor Capital will recommend to client's broker-dealer that Anchor Capital has a relationship with to utilize brokerage and clearing services. Clients are not obligated to effect transactions through any custodian recommended by Anchor Capital. In recommending a custodian we will comply with our fiduciary duty in accordance with the Securities Exchange Act of 1934. Anchor Capital will make recommendations based on the needs of the client and the services provided by the custodian such as their financial strength, reputation, execution, pricing, ability to effect transactions, particularly with regard to such aspects as timing, order size and execution of order, research and related brokerage services provided by such custodian to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services. Any other ancillary factors, including but not limited to the brokers use or availability of industry leading technologies that help us better serve our clients and access to their dedicated service and support teams.

Anchor Capital does not receive any benefits by recommending or referring the custodian to its clients. There is no direct affiliation, fee sharing arrangement, research or soft dollar benefits between the custodian and Anchor Capital.

Anchor Capital is required to disclose if it or any related person receives client referrals from a broker or third party, for referring clients to the custodian. Anchor Capital does not receive any client referrals from any custodian and/or third party for to whom Anchor Capital may recommend or refer to its clients.

Anchor Capital places trades for its clients' accounts subject to its duty of "best execution" and other fiduciary duties. 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's services and the fees for those services. Anchor Capital endeavors always to put the interests of its clients first. To the extent possible, Anchor Capital at its discretion will seek to aggregate client trading if the result benefits all participating clients. Such benefits may include better purchase or sale price, lower commissions, better trade execution, etc. The decision is made on a case-by-case basis due to the custom nature of each client's portfolio. In addition, there may be limitation and instances when block trading may not be possible.

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## **ITEM 13 – REVIEW OF ACCOUNTS**

Accounts are reviewed on a continual and ongoing basis either daily, weekly or monthly by the advisor managing the client relationship depending on the nature of the account, market conditions, change in the client's investment objectives, specific investment strategies, suitability, tax considerations, change in a security position, large sales or purchases, or a personal situation related to the client.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. All investment advisory clients are encouraged to discuss their needs, goals, risk tolerance and objectives with the advisor and to keep Anchor Capital informed of any related changes.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Anchor Capital is required to disclose any relationship or arrangement where it receives any economic benefit from a third-party (non-client) for providing advisory services to clients. Anchor Capital does not receive any direct fees or compensation for any third-party managers, mutual funds or custodians to whom Anchor Capital may recommend or refer to its clients.

In addition, Anchor Capital is required to disclose any direct or indirect compensation that it provides for client referrals. Anchor Capital does not currently maintain any formal solicitation arrangements, nor does it compensate unaffiliated third parties for any referrals or solicitation of advisory clients.

## **ITEM 15 – CUSTODY**

While client accounts are maintained in the name of the client with unaffiliated-broker-dealers, and /or qualified custodians selected and approved by the client. Anchor Capital is deemed to have “custody” of client assets due to Anchor Capital’s ability to deduct advisory fees from client accounts. Anchor Capital does not take custody of client’s funds. Anchor Capital will not assign or transfer trading authorization to another advisor.

Clients will receive regular statements directed to the account owners from the broker-dealer or other qualified custodian on at least a quarterly basis and some monthly per client request. Anchor Capital urges clients to carefully review these statements and compare them to any account information provided by Anchor Capital and/or through usage of the firm’s secure online portal.

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## **ITEM 16 – INVESTMENT DISCRETION**

Pursuant to the terms of each client’s investment advisory agreement, Anchor Capital may be given the authority to exercise investment discretion on behalf of clients. Under this discretionary authority, clients allow us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, and act on behalf of the client in matters necessary or incidental to the handling of the account, including monitoring certain assets without first having to seek the client’s consent.

In addition, clients may request a limitation on this authority. Additional limitations include but are not limited to a prohibition on the purchase or sale of specific securities, the amount of securities to be purchased or sold, and when transactions are made.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Anchor Capital is required to disclose if it accepts authority to vote client securities. Anchor Capital will not exercise proxy voting authority over securities held in client accounts. The obligation to vote client proxies shall always rest with the client and is generally disclosed in the investment advisory agreement that Anchor Capital has entered into with each client and all voting policies.

Absent any legal or regulatory requirement to the contrary to refrain from voting on behalf of clients on all matters presented in any proxy. All proxy materials received on behalf of a client are promptly forwarded to that client or the client’s designated representative who is authorized to receive and vote the proxy.

Anchor Capital has been delegated proxy voting responsibility by its affiliated mutual fund(s), the Anchor Risk Managed Funds (“Funds”), for proxies solicited on the securities held in the Fund’s portfolio, which is managed by Anchor Capital.

Anchor Capital invests a majority of the Fund’s assets in other registered investment companies that are not affiliated with the Fund (“Underlying Funds”), generally under the reliance of Section 12(d)(1)(F) of the Investment Company Act of 1940, as amended (the “1940 Act”) and is therefore required by Section 12(d)(1)(F) of the 1940 Act to vote proxies received from Underlying Funds in a certain manner. Notwithstanding any other guidelines provided in these procedures, it is the policy of Anchor Capital to vote all fund proxies received from underlying funds in the same proportion that all shares of the underlying funds are voted (i.e. mirror voting), or in accordance with instructions received from fund shareholders, pursuant to the safe harbor of Section 12(d)(1)(F) of the 1940 Act.

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Anchor Capital shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information and/or a copy of Anchor Capital's Proxy Voting Policy are available upon written request.

## **ITEM 18 – FINANCIAL INFORMATION**

Anchor Capital is required to disclose whether it requires or solicits prepayment of more than \$1200.00 in fees per client, six months or more in advance. Anchor Capital does not require or solicit prepayments of more than \$1200.00 in fees from clients, six or more months in advance.

Anchor Capital is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Anchor Capital does not have any disclosures pursuant to this Item. In addition, Anchor Capital has never been the subject of a bankruptcy petition and is not aware of any financial condition that is expected to affect its ability to meet the contractual commitments to clients.