



ADV Part 2A, Firm Brochure
Dated: March 26, 2020

800 Third Avenue, Suite 1703
New York, New York 10022

This brochure provides information about the qualifications and business practices of Hudson Value Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 646-343-9773. 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 Hudson Value Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Hudson Value Partners, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to our Brochure since our initial ADV filing made on April 1, 2019.

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Item 4 Advisory Business

- A. Hudson Value Partners, LLC (“the Registrant”) is a limited liability company formed in the state of New Jersey. The Registrant is owned by Christopher Davis and Paul Davis. Christopher Davis is the Registrant’s Managing Member.
- B.

HUDSON VALUE PARTNERS WRAP PROGRAM

The Registrant provides investment management services on a wrap fee basis in accordance with the Registrant’s investment management wrap fee program (the “Program”). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 1.25%, depending upon the amount and type of the Program assets. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. All prospective Program participants should read both the Registrant’s Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

Pershing, LLC (“Pershing”) shall serve as the custodian for Program accounts.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

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

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$1,500 to \$15,000 on a fixed fee basis, and from \$250 to \$450 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth

the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant's representatives in their individual capacities as a registered representative of a broker-dealer and/or licensed insurance agents. (*See* disclosure at Item 10.C). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

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

Each client is advised that it remains the client's responsibility to promptly notify the Registrant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. for a separate and additional fee per the terms and conditions of a Financial Planning and Consulting Agreement. Registrant does not serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Registrant in their separate individual capacities as representatives of Private Client Services, LLC ("PCS"), a FINRA/SIPC member broker-dealer and/or as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives.

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

Retirement Plan Rollovers – No Obligation / Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money

in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

Unaffiliated Private Investment Funds. Registrant may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Fund Valuation: In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

Use of Mutual Funds. While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging Registrant as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Inverse/Enhanced Market Strategies. The Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In

light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for their accounts.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

Independent Managers. Registrant may recommend that the client allocate a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation, and client investment objectives. The Registrant generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Registrant's ongoing investment advisory fee, subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s). Registrant's advisory fee is set forth in the fee schedule at Item 5 below.

Sub-Advisory Arrangements. The Registrant may engage sub-advisors for the purpose of assisting the Registrant with the management of its client accounts. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Registrant. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by the Registrant. The Registrant will render ongoing and continuous advisory services to the client relative to the monitoring and review of account performance, client investment objectives, and asset allocation. The Registrant shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services.

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

Black Diamond Wealth Platform. In conjunction with the services provided by Black Diamond, the Registrant may also provide periodic comprehensive reporting services, which can incorporate all of the client's investment assets including those investment

assets that are not part of the assets managed by the Registrant (the “Excluded Assets”). The Registrant’s service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because the Registrant does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not the Registrant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, the Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that the Registrant provide investment management services with respect to the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the Agreement between the Registrant and the client.

Initial Public Offering (IPO) Policy. Registrant, through its clearing/custodial firm relationships, has access to IPO shares for certain debt or equity related securities. Therefore, in these circumstances, Registrant may purchase and/or recommend for purchase IPOs for its individual client accounts. In the event of any such recommendations, Registrant, after first determining that the client is qualified for such specific IPO (i.e., suitable for the client relative to the client’s investment objective(s), financial situation and current asset allocation) may (to the extent possible under the circumstances) purchase such IPO. To the extent possible and applicable under the circumstances, Registrant will allocate individual client IPO share purchases among qualified individual clients on a rotational basis or some other fair and equitable basis. To the extent possible and applicable under the circumstances, the Registrant will use reasonable efforts to allocate available IPO shares on a fair and equitable basis in accordance with the terms and conditions of the aforementioned policy.

Cash Positions. The Registrant may maintain cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all cash and cash equivalent positions will be included as part of assets under management for purposes of calculating the Registrant’s investment advisory fee.

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

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

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets

consistent with the designated investment objective(s). The client may impose, at any time, reasonable restrictions, in writing, on the Registrant's services.

- D. **Wrap Program-Conflict of Interest.** The Registrant does not provide investment management services on a non-wrap fee basis. As discussed above, the client will pay a single fee for certain bundled services. When managing a client's account on a wrap fee basis, we shall receive as payment for our investment advisory services the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in our Wrap Fee Program Brochure.
- E. As of March 3, 2020, the Registrant had \$110,806,198 in assets under management on a discretionary basis and \$74,215,246 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

HUDSON VALUE PARTNERS WRAP PROGRAM

The Registrant provides investment management services on a wrap *fee* basis in accordance with the Registrant's Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 1.25%, depending upon the amount and type of the Program assets.

Fee Differentials. The Registrant shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 1.25%). However, fees shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client. As a result, similar clients could pay different fees, which will correspondingly impact a client's net account performance. Moreover, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Before engaging Registrant to provide investment advisory services, clients are required to enter into a discretionary or non-discretionary Investment Advisory Agreement, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$1,500 to \$15,000 on a fixed fee basis, and from \$250 to \$450 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.

The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the average daily balance of the client's account during the previous period. Alternatively, the Registrant may offer to provide advisory services for a flat annual fee.

To the extent a client has engaged the Registrant on a flat annual fee basis, the Registrant shall review and reset the client's flat annual fee no less than thirty (30) days from calendar year end. To the extent the Registrant determines a fee increase is appropriate, the Registrant shall communicate the increased fee to the client prior to commencing the next billing period.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Pershing serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Pershing charge brokerage commissions and/or transaction fees for effecting certain securities transactions. Clients who choose to engage the Registrant on a wrap fee basis will not incur brokerage commissions and/or transaction fees in addition to the Registrant's advisory fee.

Relative to all mutual fund and exchange traded fund purchases, all clients will incur additional expenses with regard to charges imposed at the fund level (e.g. management fees and other fund expenses).

Asset-Based Pricing Arrangements and Limitations. As the Registrant does not provide investment management on a non-wrap basis, the Registrant generally requires clients to enter into an "Asset-Based" pricing agreement with the account broker-dealer/custodian. Under an "Asset-Based" pricing arrangement, the broker-dealer/custodian charges the client a fixed percentage fee for all account commissions/transactions based on the amount of assets placed in custody and/or on the broker-dealer/custodian's platform, and not based upon the number of transactions executed. Generally in an Asset-Based pricing arrangement, the applicable fixed percentage fee decreases as the account value increases. In the alternative, the broker-dealer/custodian could charge a separate commission/transaction fee upon the execution of an account transaction. This is referred to as a "Transaction-Based" pricing

arrangement. Under a Transaction-Based pricing arrangement, the amount of fees charged by the broker-dealer/custodian to the client will vary depending upon the number of and type of transactions that are placed for the account. Under either scenario, the Registrant shall be responsible for the fees charged by the respective broker-dealer/custodian.

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the average daily market value of the client's account during the billing period. Alternatively, the Registrant may offer to provide advisory services for a flat annual fee. To the extent a client has engaged the Registrant on a flat annual fee basis, the Registrant shall review and reset the client's flat annual fee no less than thirty (30) days from calendar year end. To the extent the Registrant determines a fee increase is appropriate, the Registrant shall communicate the increased fee to the client prior to commencing the next billing period.

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

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of the Registrant's representatives, in their individual capacities, as a registered representatives of Private Client Services ("PCS"), a FINRA and SIPC member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through PCS, PCS will charge brokerage commissions to effect securities transactions, a portion of which commissions PCS shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by PCS may be higher or lower than those charged by other broker-dealers. In addition, PCS, as well as the Registrant's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from PCS presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives.
2. Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive

commission compensation for such advisory services. However, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

Item 6 Performance-Based Fees and Side-by-Side Management

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

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. The Registrant may utilize the following methods of security analysis:

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

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore,

unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

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

Margin Transactions. A margin transaction strategy, in which an investor uses borrowed assets to purchase financial instruments, involves a high level of inherent risk. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

Covered Call Writing. Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position before its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for positions with little price volatility.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds), and fixed income securities, mutual funds and/or exchange traded funds ("ETFs"), on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of Private Client Services. (“PCS”).** Certain of Registrant’s representatives are registered representatives of PCS, a FINRA member broker-dealer. Clients may choose to engage these representatives in their individual capacities as registered representatives of PCS, to implement investment recommendations on a commission basis.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Registered Representatives of PCS.** As disclosed above in Item 5.E, certain of the Registrant’s representatives are registered representatives of PCS, a FINRA member broker-dealer. Clients may choose to engage these representatives, in their separate and individual capacities as registered representative of PCS, to implement investment recommendations on a commission basis.

Licensed Insurance Agents. Certain of the Registrant’s representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. Clients can engage these individuals, in their separate and individual capacities as licensed insurance agents, to effect insurance transactions on a commission basis.

Conflict of Interest: The recommendation by Registrant’s representatives that a client purchase a securities or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from Registrant’s representatives. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated representatives of broker dealers and/or insurance agents. The Registrant’s Chief Compliance Officer, Christopher P. Davis, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant’s Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of

which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Pershing. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Wealth Management Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client’s assets,

and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

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

1. Soft Dollar Arrangement

In return for effecting securities transactions through Pershing, Registrant may receive certain investment research products or services which assist the Registrant in its investment decision making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a "soft-dollar" arrangement). This arrangement presents an inherent conflict of interest because the Registrant is incentivized to recommend that a client select Pershing as designated broker-dealer/custodian for their accounts based on its ongoing receipt of "soft-dollar" benefits, rather than based on client's needs. Investment research products or services received by Registrant may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Although the commissions paid by Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. 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 services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. With respect to investment research products or services obtained by the Registrant that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, Registrant shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides

assistance to the Registrant's investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by the Registrant with hard dollars. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee.

Transition Support. To assist the Registrant with its transition to Pershing in 2019, Pershing provided additional economic benefits ("Transition Support") to assist the Registrant in its business. Pershing has provided the Transition Support with the expectation that the Registrant would recommend and ultimately transfer a significant portion of its advisory business to Pershing for custodial services. The Transition Support, in part, is also intended to offset client account close out fees. The Registrant has no expectation that any additional Transition Support will be offered by Pershing again upon completion of the initial transfer. Pershing offered to provide the Transition Support to Registrant in its sole discretion and at its own expense, and neither the Registrant nor its clients pay/paid any additional fees to Pershing as a result of the Transition Support received by Registrant.

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

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

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

The Registrant's Chief Compliance Officer, Christopher P. Davis, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements the client will negotiate terms and arrangements

for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

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

The Registrant's Chief Compliance Officer, Christopher P. Davis, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

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

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's supervised persons. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian

and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12A above, the Registrant receives an economic benefit from Pershing. The Registrant, without cost (and/or at a discount), receives support services and/or products from Pershing.

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

The Registrant's Chief Compliance Officer, Christopher P. Davis, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

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

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

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

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory*

Agreement, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

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

Item 17 Voting Client Securities

Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies. The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant 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 pertaining to how the Registrant voted on any specific proxy issue is also available upon written request.

Class Action Lawsuits

Occasionally, securities held in the accounts of clients will be the subject of class action lawsuits. The Registrant has retained the services of Chicago Clearing Corporation to provide a comprehensive review of our clients' possible claims to a settlement throughout the class action lawsuit process. Chicago Clearing Corporation actively seeks out any open and eligible class action lawsuits. Additionally, Chicago Clearing files, monitors and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients. Chicago Clearing's filing fee is contingent upon the successful completion and distribution of the settlement proceeds from a class action lawsuit. In recognition of Chicago Clearing's services, Chicago Clearing receives 15% of our clients' share of the settlement distribution. Where the Registrant receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by clients, it will work to assist clients and Chicago Clearing Corporation in the gathering of required information and submission of claims. Clients may opt out of the Chicago Clearing Corporation's service by contacting The Registrant's Chief Compliance Officer.

Item 18 Financial Information

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

The Registrant's Chief Compliance Officer, Christopher P. Davis, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.