



## Disclosure Brochure

Delta Investment Management, LLC  
708 Montgomery Street  
San Francisco, CA 94111  
(415) 249-6337

Delta Investment Management website  
[www.deltaim.com](http://www.deltaim.com)

Investment Representatives' websites  
[www.getretirementplanning.com](http://www.getretirementplanning.com)  
[www.ifsgllc.com](http://www.ifsgllc.com)  
[www.stophthewealthleakage.com](http://www.stophthewealthleakage.com)  
[www.northstar65.com](http://www.northstar65.com)  
[www.vfgroup.net](http://www.vfgroup.net)

Prepared: January 30, 2020

This brochure provides information about the qualifications and business practices of Delta Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Our e-mail for regulatory compliance is [compliance@deltaim.com](mailto:compliance@deltaim.com).

Delta Investment Management, LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment advisor provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Delta Investment Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm's CRD number is 149596.

The previous annual update was dated March 3, 2019. Following is a summary of the material changes made to Part 2 since that amendment.

**Cover Page:** Added websites for our investment advisor representative affiliates.

Investment Representatives' websites

[www.getretirementplanning.com](http://www.getretirementplanning.com)  
[www.ifsgllc.com](http://www.ifsgllc.com)  
[www.stophthewealthleakage.com](http://www.stophthewealthleakage.com)  
[www.northstar65.com](http://www.northstar65.com)

**Item 4:** *Services we offer:* Added disclosure for the Delta Custom, Delta Blue Chip Growth and Delta Equity Income strategies. Revised disclosures for the Delta Core strategy.

**Delta Core**

Delta Core is a diversified strategy which owns both fixed income and equity investments using both exchange traded funds (ETFs) and mutual funds. The strategy is benchmarked against a globally diversified 60% equity/40% bond portfolio. The strategy is designed to be tax efficient with a low turnover ratio. The primary method of risk management in the Delta Core strategy is through asset diversification. When recession risk is elevated based on macro-economic indicators, the strategy may further manage risk by reducing its equity exposure materially below the 60% range.

**Delta Blue Chip Growth**

Blue Chip Growth is a concentrated, bottom-up stock picking strategy that seeks to outperform the S&P 500 through the full investment cycle. The strategy uses fundamental analysis to invest in individual stocks and focuses on intrinsic value growth of those stocks over time. The mandate of the strategy is to be fully invested in stocks at all times. Blue Chip Growth is unconstrained with regards to value or growth weightings, size weightings, sector concentration, or stock concentration. The manager allocates capital to where he sees the best relative value among equities at any given time even if that leads to significant concentration in sectors and/or individual stocks.

**Delta Equity Income**

The objective of the Delta Equity Income strategy is to provide high current yield and modest growth of yield on an annual basis. The strategy involves holding a concentrated portfolio of 10-15 equity securities with a buy and hold approach resulting in low portfolio turnover. Holdings are typically represented by but not limited to businesses involved in real estate, infrastructure, energy, lending, etc. The strategy aims to own a mix of businesses in which some benefit from rising interest rates, while others benefit from declining interest rates - thereby potentially lessening the impact of interest rate risk on the portfolio.

Companies are evaluated on the basis of management quality, balance sheet strength, business quality, and current market value - both before purchase and on an ongoing basis during ownership. The strategy is typically fully invested in income producing equity securities.

You may request a copy of our updated Part 2 by calling (415) 249-6337 or sending an e-mail to [info@deltaim.com](mailto:info@deltaim.com). Additional information about us is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm's CRD number is 149596.

*Assets under management:* As of January 28, 2020, we manage assets of \$417.2 million on a discretionary basis and \$0.1 million on a non-discretionary basis.

### **Delta Custom**

Delta works with clients to understand their financial conditions and goals. Delta performs in-depth analysis to provide clients with information necessary to making informed investment decisions and understand likely investment scenarios and trade-offs. With the client, Delta designs and implements investment plans that will help clients achieve their financial goals. These investment plans and portfolio holdings may be specific to each client and are designed to meet the needs of an individual client. These custom designed client accounts may hold a variety of assets including ETFs, stocks, bonds and mutual funds. Positions are not style or market capitalization constrained and may be actively managed. Delta may seek diversification in client accounts through use of various investment management techniques and a broad array of asset types including global equities, bonds, commodities and currencies. Delta monitors and reviews the investments and managers selected to ensure custom investment plans are serving the particular needs of each client.

**Item 5:** Removed disclosure related to invoices being sent to clients.

**Item 8:** Added disclosure for the Delta Custom, Delta Blue Chip Growth and Delta Equity Income strategies. Revised disclosures for the Delta Core strategy.

### **Delta Custom**

As in any investing there is a risk of loss of principal if the strategy does not perform as expected. The strategy may follow a broad market decline or it may lose principal due to the selection of the individual securities themselves, some individual securities may suffer losses or not perform as well as similar securities. Because the Core strategy is actively managed and traded, performance can be negatively impacted by increased brokerage and other transaction costs and taxes.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

### **Delta Core**

Delta Core seeks to provide clients with a balanced equity and debt portfolio that has low asset turnover. Risk management is primarily achieved by owning broadly diversified equity and fixed income investments. A second layer of risk control is applied when Delta's macro-economic indicators signal that the probability of a recession is elevated. In this case, some of the equities holdings may transition to cash.

Equity and bond investments are volatile. There is always a risk of loss of principal. During periods when the equity and bond portions of the Delta Core strategy are fully invested, we would expect the strategy to experience volatility similar to what is experienced by the broader markets. Additionally, principal loss may also occur due to the selection of individual mutual funds and ETFs themselves. Mutual funds often have higher expense ratios and brokerage trading costs than ETFs. Mutual funds are only traded once per day after stock market close. Because of these costs and trading restrictions, mutual funds may not

deliver the returns of the market indexes they are benchmarked to. In cases when Delta reduces equity exposure because of perceived increased risk of recession, there is risk to the investor from Delta's market timing. Timing risk may involve the portfolio underperforming during bullish periods by being less than fully invested and by being fully invested during bearish periods.

### **Delta Blue Chip Growth**

Blue Chip Growth uses fundamental analysis to invest in what it believes are the individual equities that can deliver long-term returns superior to those of the S&P 500. Blue Chip Growth's mandate is to be fully invested, so its goal is to have positive performance relative to the S&P 500 index over a multi-year period.

Blue Chip Growth is unusually concentrated, often holding 10 or fewer stocks. Because of this concentration, in addition to a lack of controls on sector or size weights, clients are exposed to high levels of volatility and risk. In fact, Blue Chip Growth has had many instances of pronounced underperformance relative to the S&P 500 index. Clients should understand this risk and expect these periods of significant underperformance. Clients should also expect volatility due to underlying equity volatility, coupled with Blue Chip Growth's mandate to be fully invested in equities at all times. Blue Chip Growth is not suitable for all clients, and as a high volatility and high risk strategy should only be considered for investors with high risk tolerances and long time horizons. Investors also face tax consequences if equities in the strategy are sold for a gain.

### **Delta Equity Income**

The Delta Equity Income strategy is based on individual business level analysis including but not limited to evaluation of management talent, quality and growth potential of core business(es), the strength of corporate balance sheet, and price of equity securities. The strategy aims to own equity securities in businesses with high quality management teams with a track record of discipline in business execution, core businesses that are healthy today and improving going forward, balance sheets that can weather distressed economic environments, and reasonable going in purchase price. Of paramount importance is that securities selected offer a high current yield and the potential for growth in yield over the long term.

The strategy is a highly concentrated holding strategy, aiming to own between 10-15 securities with individual securities representing up to 12.5% of the portfolio upon initial purchase of securities and not greater than 30% of the total portfolio as a result of price appreciation. The strategy is a buy and hold strategy, with the aim of holding securities for multiple years - but is not limited to selling securities to replace with higher potential securities. It aims to own a mix of securities in which one portion benefits from low interest rates, and another portion that benefits from rising interest rates.

The Delta Equity Income strategy, as in investing in any equities or bonds, contains risk of loss of principal if businesses owned decline in market value, competitive position deteriorates, or cannot finance future operations. The strategy does not utilize technical analysis or any set purchase or sale thresholds - and as such can be susceptible to large declines in market value. The strategy is sensitive to changes in interest rates, and may decline as interest rates shift in either direction. In addition, the strategy is exposed to market risk, and securities may decline in value as part of a broad market decline. The portfolio is highly concentrated - and is exposed to concentration risk of securities holdings, which may result in outsized exposure to adverse events or price performance of one or more holdings in the portfolio. The strategy is typically fully invested at all times, and as such market declines may negatively

affect the entire portfolio of securities. The strategy is actively managed, and while the goal is to keep turnover low, performance may be negatively impacted by brokerage and other transaction costs and taxes. Last, securities held may not increase their dividend(s) over the long-term, and / or may reduce or eliminate the dividend(s) as business conditions change - which may result in reduced income and declines in market value.

## ITEM 3

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## **ITEM 4: ADVISORY BUSINESS**

### **Who we are**

Delta Investment Management, LLC (referred to as “we,” “our,” “us,” or “Delta”), has been registered as an investment advisor since April 2009. Our principals and owners are Nicholas Atkeson and Andrew Houghton.

### **Services we offer**

Delta provides investment consulting and investment management services to its clients. Delta charges fees based on assets under management (asset based fees) and does not charge fees separately for investment consulting services. For those clients who request a comprehensive investment plan, Delta will design a plan that meets industry standard practice and may include the use of third party mutual funds as a way to achieve the financial objectives identified in the plan. With the client's approval, Delta will implement the financial plan. Within the plan, some portion of the client's funds could be allocated to the one of the following strategies: Delta Tactical Capital Appreciation, Delta Kress Tactical, Delta Tactical Core, Delta Opportunity, Delta Tactical Dividend, Delta Multi-Fund Diversified, Delta Blue Chip Growth, or Delta Equity Income or could be managed by Delta in a custom account. Some portion of our clients maintain only a portion of their total investable assets with Delta Investment Management. Many of these clients with only a portion of their liquid net worth managed by Delta have their funds in the Delta Kress Tactical, Delta Tactical Capital Appreciation, Delta Tactical Dividend, Delta Multi-Fund Diversified, Delta Opportunity, Delta Blue Chip Growth, Delta Equity Income, and/or Core strategies.

Delta assists its clients in analyzing needs, setting objectives, developing asset allocation models and selecting Managers to implement the asset allocation plan and to make specific investments. In preparing a financial plan using a comprehensive disciplined approach intended to be consistent with each client's particular needs and circumstances, we consider the following issues: total net worth, liquid net worth, age, income, income visibility, risk tolerance, tax considerations, investment income needs, savings requirements, overall investment objectives, investment experience, understanding of investment risk considerations, expected investment return rates, volatility of various investment choices, correlation of portfolio assets, diversification, and asset allocation. Once we implement an investment plan for you, we will monitor your investment performance on an ongoing basis. It is your responsibility to inform us of any changes to your financial situation that may impact the suitability of your investment.

### **Delta Tactical Capital Appreciation**

Delta Tactical Capital Appreciation strategy seeks to outperform the S&P 500 with less volatility by means of making opportunistic investments in equity and bond ETFs and cash. The strategy seeks to achieve positive absolute performance through major market cycles. The strategy is focused on managing equity risk by measuring the risk premium of U.S. equity markets and positioning the strategy either in high relative strength stock ETFs, U.S. treasuries or cash based on equity risk levels. During times when the strategy is invested in equities, it achieves its equity exposure through an ETF(s). During times the strategy is allocated in U.S. treasury bonds, it achieves its exposure through an ETF(s). While the strategy incorporates stringent risk control metrics, it makes no guarantee that your investment may not suffer from severe drawdowns.

Delta Tactical Capital Appreciation is managed by Delta. Asset allocation decisions are made weekly. Accounts that follow the Delta Tactical Capital Appreciation strategy are expected to experience

significant turnover and short-term capital gains and losses. The Delta Tactical Capital Appreciation strategy is not suitable for all investors and involves risks associated with ETF investments including the risk of loss of the principal invested.

### **Delta Opportunity**

Delta Opportunity is an all opportunity, relative strength ETF rotation strategy that seeks to outperform the S&P 500 through the full investment cycle. The strategy may invest in ETFs representing various industry sectors, geographies, market capitalizations, styles (including value, blend and growth) and asset types including equities, bonds, treasuries and cash. On a weekly basis, price performance of the available investment opportunity set is measured and portfolio positions may be replaced with new positions with higher relative strength measurements. The investment opportunity set is analyzed quantitatively with multiple investment models using a variety of investment analysis metrics. The strategy seeks to transition client assets to the best performing areas of a broad investment set that includes global equities, bonds and cash. The strategy incorporates several layers of risk management including the capability of transitioning to defensive asset types during bearish equity cycles. Tactical position changes are designed to capture growth opportunities in up markets and mitigate risk in declining markets.

### **Delta Core**

Delta Core is a diversified strategy which owns both fixed income and equity investments using both exchange traded funds (ETFs) and mutual funds. The strategy is benchmarked against a globally diversified 60% equity/40% bond portfolio. The strategy is designed to be tax efficient with a low turnover ratio. The primary method of risk management in the Delta Core strategy is through asset diversification. When recession risk is elevated based on macro-economic indicators, the strategy may further manage risk by reducing its equity exposure materially below the 60% range.

### **Delta Multi-Fund Diversified**

Delta Investment Management uses a mathematical-based process to construct and manage a diversified portfolio of mutual funds. We use computer modeling technology and a disciplined approach to dynamically manage exposures to participate in growth opportunities and mitigate risk. Our process involves dynamically managing portfolio exposures across separate equally weighted investment sleeves to be responsive to changes in the market. Investment sleeves can include global equity, bond, currency and commodity funds. Within equity exposed funds, investments may contain small, mid and large cap companies and sector specific funds. Fund selection within an investment sleeve is based on a mathematical assessment of relative strength and likely future performance. Tactical position changes in the fund are designed to capture growth opportunities in up markets and mitigate risk in declining markets.

### **Delta Kress Tactical**

The objective of the Delta Kress Tactical strategy is to be profitable and avoid losses in both positive and negative equity market environments and to outperform the S&P 500 Index each calendar year. The strategy primarily involves purchasing and selling U.S. equities coupled with holding the account in cash when the equity market is expected to depreciate. Purchase and sales of securities is partly based on a systematic analysis on certain technical indicators. The strategy may at times cause portfolios to hold significant amounts of cash. Investors should bear in mind that even when accounts hold significant amounts of cash, earning potentially lower rates of return, they will nevertheless be charged significant



management fees. Delta Kress Tactical strategy may not be suitable for risk-averse clients or permissible for certain retirement accounts. Risks include the possibility that investors could lose their entire investment. In addition, because the strategy involves buying and selling securities on a short-term basis, generally at least every few months, the client accounts may incur short-term capital gains and losses, which are taxed less favorably than investments held for more than one year.

### **Delta Blue Chip Growth**

Blue Chip Growth is a concentrated, bottom-up stock picking strategy that seeks to outperform the S&P 500 through the full investment cycle. The strategy uses fundamental analysis to invest in individual stocks and focuses on intrinsic value growth of those stocks over time. The mandate of the strategy is to be fully invested in stocks at all times. Blue Chip Growth is unconstrained with regards to value or growth weightings, size weightings, sector concentration, or stock concentration. The manager allocates capital to where he sees the best relative value among equities at any given time even if that leads to significant concentration in sectors and/or individual stocks.

### **Delta Equity Income**

The objective of the Delta Equity Income strategy is to provide high current yield and modest growth of yield on an annual basis. The strategy involves holding a concentrated portfolio of 10-15 equity securities with a buy and hold approach resulting in low portfolio turnover. Holdings are typically represented by but not limited to businesses involved in real estate, infrastructure, energy, lending, etc. The strategy aims to own a mix of businesses in which some benefit from rising interest rates, while others benefit from declining interest rates - thereby potentially lessening the impact of interest rate risk on the portfolio.

Companies are evaluated on the basis of management quality, balance sheet strength, business quality, and current market value - both before purchase and on an ongoing basis during ownership. The strategy is typically fully invested in income producing equity securities.

### **Delta Tactical Dividend**

Delta Tactical Dividend seeks to obtain both capital gains and dividend income during bullish equity periods through ownership of 50 high dividend paying stocks equally diversified across 10 Global Industry Classification (GIC) Standard sectors that make up the S&P 500. When positioned in stocks, the portfolio rebalances individual stock holdings quarterly. During extended bearish equity periods, the strategy mitigates risk by transitioning up to 100% out of equities and into cash equivalents.

An exponential moving average crossover technical indicator is used as an overlay to determine the asset allocation between high dividend paying stocks and cash equivalents. Allocation shifts are entirely rules based. The objective of the strategy is to achieve both income and capital appreciation from ownership of high dividend paying stocks during bullish cycles and risk mitigation during extended bearish cycles by transitioning out of equities when non-emotional, technical indicators dictate. Reallocations occur on the next trading day following the crossover signal.

### **Delta Custom**

Delta works with clients to understand their financial conditions and goals. Delta performs in-depth analysis to provide clients with information necessary to making informed investment decisions and understand likely investment scenarios and trade-offs. With the client, Delta designs and implements

investment plans that will help clients achieve their financial goals. These investment plans and portfolio holdings may be specific to each client and are designed to meet the needs of an individual client. These custom designed client accounts may hold a variety of assets including ETFs, stocks, bonds and mutual funds. Positions are not style or market capitalization constrained and may be actively managed. Delta may seek diversification in client accounts through use of various investment management techniques and a broad array of asset types including global equities, bonds, commodities and currencies. Delta monitors and reviews the investments and managers selected to ensure custom investment plans are serving the particular needs of each client.

### **Delta Investment Management Wrap Program**

We act as the sponsor to the Delta Investment Management wrap program. Clients who participate in this program receive a separate brochure with disclosures specific to the wrap program. All client assets in the wrap program are managed using the Delta Kress Tactical strategy or Delta Tactical Dividend strategy described above, using TD Ameritrade as the broker/dealer custodian. We receive a portion of the fees paid for the wrap program as compensation for our services.

### **Assets under management**

As of January 28, 2020, we manage assets of \$417.2 million on a discretionary basis and \$0.1 million on a non-discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

Investment management services are provided for an asset-based fee based on the following schedule of account opening balances:

| <u>Asset Value</u>        | <u>Annual Fee</u> |
|---------------------------|-------------------|
| \$50,000 - \$1,000,000    | 1.85%             |
| \$1,000,000 - \$2,000,000 | 1.50%             |
| \$2,000,000+              | 1.25%             |

The annual fee on all accounts are billed quarterly, in advance, based on the account's net asset value on the last day of the previous billing cycle, as reflected in the ELECTRONIC DATA transmitted to us by the custodian of the account. In the event the Delta Advisor Agreement is executed and the account funded at any time other than the first day of a calendar quarter, the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. "Net asset value" = long market value – short market value + credit balance – debit balance + money market fund balance.

Fees cover Delta's investment advisory, reporting, and account-related services. Fees do not cover any execution-related expenses, commissions, if any, securities exchange fees, or other fees required by law or charged by the broker-dealer with custody of the account. Clients are responsible for commissions, fees, and other charges, if any, associated with such transactions and the maintenance of their account(s). Fees are negotiable in limited circumstances.

Fees may vary from the schedule shown above for reasons including use of third party strategy provider(s), complexity of strategy, complexity of account structure combining multiple strategies, type of assets including alternative assets, account history with Delta including duration and services provided.

Financial Planning services are included in the above fees.

On all of our accounts, we generally request that you provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide written authorization for us to deduct fees by checking the appropriate section of our contract.
- You will receive a statement from your custodian which shows all transactions in your account, including the deduction of our fees.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

You may elect to pay by check rather than having payment deducted directly from your account.

You may terminate an advisory account by providing written notice. If an account is terminated before the last day of a calendar quarter, we will prorate the advisory fees earned through the termination date and send you a refund of the prepaid, unearned portion of your fee. We process refund payments within 30 days of the termination date and will send you a check or refund your investment account.

#### Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. This pertains to all accounts except those participating in the wrap program. These fees include:

- mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in "Item 12: Brokerage Practices."

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

Several individuals who provide investment advice to our clients are also affiliated with various insurance agencies. If you elect to implement insurance recommendations through one of these individuals, that person will receive the normal and customary commissions. In these situations, a conflict of interest exists between the interests of the client and Delta. In these instances, these individuals have an incentive to recommend products based on the compensation they receive, rather than on client's needs. Clients of Delta are under no obligation to implement insurance recommendations through one of these individuals.

Clients may purchase insurance products and services from individuals other than those affiliated with Delta.

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

We do not receive performance fees for managing accounts.

## **ITEM 7: TYPES OF CLIENTS**

Generally, Delta's minimum account size on the date of account opening is \$50,000; for the Delta Kress Tactical strategy, the minimum is \$100,000. We reserve the right to waive this minimum account size requirement at our sole discretion. Our clients include entities who are able to invest \$50,000 and who are in compliance with AML regulations. We generally provide advisory services to individuals, institutions, trusts and pension plans.

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

Delta uses fundamental, company, industry and sector analysis along with quantitative analysis to construct portfolios. Typically the process used is a multiple step screening process that is adjusted on periodic intervals not less than annually.

Delta may use one or more of the following methods of analysis or investment strategies when managing the Delta Kress Tactical accounts:

- Fundamental Analysis – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Cyclical/Quantitative Analysis – a type of technical analysis that involves evaluating recurring price patterns and trends.

### **Delta Tactical Capital Appreciation**

The Delta Tactical Capital Appreciation strategy seeks to achieve positive absolute market returns regardless of equity or bond market conditions by owning equities, bonds, U.S. Treasuries, or cash. The strategy seeks to align with the stock market during sustained bull markets by means of being allocated to equities. During sustained bear markets, the strategy transitions out of equities and into bonds and/or cash. Bullish and bearish equity market cycles are determined by the Delta Market Sentiment Indicator (MSI) which is based on a proprietary technical equity market risk premium measurement. The bullish/bearish MSI is measured weekly and strategy allocations can be made weekly.

During bullish cycles, equity market exposure is achieved through ownership of high relative strength ETFs.

During bearish cycles, the strategy may invest in high relative strength bond funds and cash. When the Delta MSI reaches very oversold levels, the Capital Appreciation strategy may invest in equities.

Delta Tactical Capital Appreciation is not suitable for all investors and involves risks associated with equity and bond investments including the risk of loss of the principal invested. There is a risk of loss of principal if the strategy does not exit the equity or bond market quickly enough in a bearish downturn. Conversely, if the strategy is too slow in entering a bullish market, your investment will participate only to the extent that the strategy was invested and may miss a portion of the advance. Because the strategy buys only certain ETFs and mutual funds rather than exposure to the broad market, there is risk that your investment may not achieve broad equity or bond market actual returns. Risks include the possibility that investors could lose their entire investment. In addition, because the strategy involves buying and selling securities on a short term basis, generally at least every few months, the client accounts may incur short-term capital gains and losses, which are taxed less favorably than investments held for more than one year. Because the strategy is actively managed and traded, performance can be negatively impacted by increased brokerage and other transaction costs and taxes.

### **Delta Opportunity**

The Delta Opportunity strategy attempts to create a portfolio exposed to the best performing areas of the equity and bond markets by buying and selling ETFs based on multiple relative strength calculations. ETF funds available to be included in the Delta Opportunity portfolio represent equity value, growth, blend, small, mid, large, U.S., developed country, emerging market and industry sectors. The investment opportunity set also includes ETF funds that represent corporate and government bonds of multiple durations. Portfolio positions are reviewed weekly with price performance analysis and portfolio positions are replaced based on the judgment of the manager and the output of the various relative strength models used to help identify attractive investment opportunities. The investment models provide guidance on which areas of the market are moving in or out of favor and the likely duration an ETF should be held in the diversified portfolio. The models' objective sell disciplines may occasionally cause the strategy to miss some market gains, but the sell disciplines are critical in mitigating investors' exposure to down markets.

As in investing in any equities or bonds there is a risk of loss of principal if the strategy does not exit the broad market quickly enough in a declining market. Conversely, if the strategy is too slow in entering a bullish market, an investor may not participate to the extent if they had remained invested. The Opportunity strategy primarily uses ETFs as its investment vehicle. ETFs generally have expenses which are charged to the owner of the fund (i.e., the client) and represent an embedded cost and a potential source of performance degradation in the Opportunity strategy. Principal loss may occur due to the selection of the individual ETFs themselves. Some ETFs may suffer losses or not perform as well as the broader markets or may not perform as well as their peers. Generally, when the strategy is defensive, it will transition from equity exposure to bond exposure. Bonds including U.S. treasuries can be negatively impacted by credit risk, interest rate changes and other factors that may negatively impact your principal. Because the strategy is actively managed and traded, performance can be negatively impacted by brokerage and other transaction costs and taxes.

### **Delta Core**

Delta Core seeks to provide clients with a balanced equity and debt portfolio that has low asset turnover. Risk management is primarily achieved by owning broadly diversified equity and fixed income investments. A second layer of risk control is applied when Delta's macro-economic indicators signal that the probability of a recession is elevated. In this case, some of the equities holdings may transition to cash.

Equity and bond investments are volatile. There is always a risk of loss of principal. During periods when the equity and bond portions of the Delta Core strategy are fully invested, we would expect the strategy to experience volatility similar to what is experienced by the broader markets. Additionally, principal loss may also occur due to the selection of individual mutual funds and ETFs themselves. Mutual funds often have higher expense ratios and brokerage trading costs than ETFs. Mutual funds are only traded once per day after stock market close. Because of these costs and trading restrictions, mutual funds may not deliver the returns of the market indexes they are benchmarked to. In cases when Delta reduces equity exposure because of perceived increased risk of recession, there is risk to the investor from Delta's market timing. Timing risk may involve the portfolio underperforming during bullish periods by being less than fully invested and by being fully invested during bearish periods.

### **Delta Multi-Fund Diversified**

The Delta Multi-Fund Diversified strategy attempts to provide clients with a mathematical-based process of diversified mutual fund selection that is expected to offer attractive returns for the risk exposure selected. The quantitative investment models attempt to seek profits in up markets and transition to more defensive positions in down markets.

Multi-fund Diversified portfolios divide the client's total portfolio into eleven equally weighted sleeves (investment exposures). The diversified portfolio is expected to migrate from growth exposure to a defensive posture as the quantified process dictates. Models are built on several proprietary factors that use market data and price trends to determine recommended fund selections. The investment model provides guidance on which areas of the market are moving in or out of favor. The model's objective sell discipline may occasionally cause the strategy to miss some market gains, but the sell discipline is critical in mitigating investors' exposure to down markets.

As in investing in any equities there is a risk of loss of principal if the strategy does not exit the broad market quickly enough in a declining market. Conversely, if the strategy is too slow in entering a bullish market, an investor may not participate to the extent if they had remained invested. The Multi-Fund strategy primarily uses mutual funds as its investment vehicle. Some mutual funds may place trading restrictions and fees on buying and selling a fund within too short a period of time. Because of potential mutual fund trading fees and restrictions, investors may be at risk of additional loss during times of market volatility and rapid suggested model changes. Principal loss may also occur due to the selection of the individual mutual funds and ETFs themselves. Some individual mutual funds and ETFs may suffer losses or not perform as well as the broader markets or may not perform as well as their peers. Generally, when the strategy is defensive, it will transition from equity exposure to bond exposure. Bonds including U.S. treasuries can be negatively impacted by credit risk, interest rate changes and other factors that may negatively impact your principal. Because the strategy is actively managed and traded, performance can be negatively impacted by brokerage and other transaction costs and taxes.

### **Delta Kress Tactical**

The Delta Kress Tactical strategy is an opportunistic long-only, all cap strategy that utilizes a proprietary combination of technical and fundamental analysis seeking to grow capital while stressing the importance of capital preservation in down markets. Following this approach there are times in market cycles when the strategy will be fully invested in U.S. listed equities and there will be times when the strategy is completely out of equities and in cash. The strategy is not tax sensitive. Step 1, Market Sentiment, by rigorously following a weekly market sentiment indicator they constantly evaluate the risk-reward of owning equities versus protecting investment capital in cash during weak markets. Step 2, Portfolio

Construction, a technical filter highlights the stocks across all caps and sectors that they then couple with fundamental research to construct a concentrated portfolio of 20 to 30 of the strongest technical stocks with sound fundamentals. Step 3, Sell Discipline, the portfolio is actively maintained using strict technical sell discipline. This avoids the common pitfall of becoming emotionally attached to a position. As in investing in any equities there is a risk of loss of principal if the strategy does not exit the broad market quickly enough in a bearish downturn conversely if the strategy is too slow in entering a bullish market you will participate to the extent if you had remained invested. Principal loss may also occur due to the selection of the individual equities themselves, some individual stocks may suffer losses or not perform as well as the broader markets or may not perform as well as their peers. Because the strategy is actively managed and traded, performance can be negatively impacted by increased brokerage and other transaction costs and taxes.

### **Delta Blue Chip Growth**

Blue Chip Growth uses fundamental analysis to invest in what it believes are the individual equities that can deliver long-term returns superior to those of the S&P 500. Blue Chip Growth's mandate is to be fully invested, so its goal is to have positive performance relative to the S&P 500 index over a multi-year period.

Blue Chip Growth is unusually concentrated, often holding 10 or fewer stocks. Because of this concentration, in addition to a lack of controls on sector or size weights, clients are exposed to high levels of volatility and risk. In fact, Blue Chip Growth has had many instances of pronounced underperformance relative to the S&P 500 index. Clients should understand this risk and expect these periods of significant underperformance. Clients should also expect volatility due to underlying equity volatility, coupled with Blue Chip Growth's mandate to be fully invested in equities at all times. Blue Chip Growth is not suitable for all clients, and as a high volatility and high risk strategy should only be considered for investors with high risk tolerances and long time horizons. Investors also face tax consequences if equities in the strategy are sold for a gain.

### **Delta Equity Income**

The Delta Equity Income strategy is based on individual business level analysis including but not limited to evaluation of management talent, quality and growth potential of core business(es), the strength of corporate balance sheet, and price of equity securities. The strategy aims to own equity securities in businesses with high quality management teams with a track record of discipline in business execution, core businesses that are healthy today and improving going forward, balance sheets that can weather distressed economic environments, and reasonable going in purchase price. Of paramount importance is that securities selected offer a high current yield and the potential for growth in yield over the long term.

The strategy is a highly concentrated holding strategy, aiming to own between 10-15 securities with individual securities representing up to 12.5% of the portfolio upon initial purchase of securities and not greater than 30% of the total portfolio as a result of price appreciation. The strategy is a buy and hold strategy, with the aim of holding securities for multiple years - but is not limited to selling securities to replace with higher potential securities. It aims to own a mix of securities in which one portion benefits from low interest rates, and another portion that benefits from rising interest rates.

The Delta Equity Income strategy, as in investing in any equities or bonds, contains risk of loss of principal if businesses owned decline in market value, competitive position deteriorates, or cannot finance future operations. The strategy does not utilize technical analysis or any set purchase or sale thresholds -

and as such can be susceptible to large declines in market value. The strategy is sensitive to changes in interest rates, and may decline as interest rates shift in either direction. In addition, the strategy is exposed to market risk, and securities may decline in value as part of a broad market decline. The portfolio is highly concentrated - and is exposed to concentration risk of securities holdings, which may result in outsized exposure to adverse events or price performance of one or more holdings in the portfolio. The strategy is typically fully invested at all times, and as such market declines may negatively affect the entire portfolio of securities. The strategy is actively managed, and while the goal is to keep turnover low, performance may be negatively impacted by brokerage and other transaction costs and taxes. Last, securities held may not increase their dividend(s) over the long-term, and / or may reduce or eliminate the dividend(s) as business conditions change - which may result in reduced income and declines in market value.

### **Delta Tactical Dividend**

This strategy is available solely to participants in our wrap program. Additional disclosures are provided in the Wrap Brochure regarding this strategy.

### **Delta Custom**

As in any investing there is a risk of loss of principal if the strategy does not perform as expected. The strategy may follow a broad market decline or it may lose principal due to the selection of the individual securities themselves, some individual securities may suffer losses or not perform as well as similar securities. Because the Core strategy is actively managed and traded, performance can be negatively impacted by increased brokerage and other transaction costs and taxes.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

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

Delta and its principals/owners do not have any additional outside business activities in the financial industry. However, some investment advisor representatives do have affiliations with investment advisors and/or broker/dealers that are not material to clients of Delta. Disclosure regarding these relationships is provided on Part 2B for the individuals.



In addition to the above, some investment advisor representatives sell insurance products for several insurance companies. Please see Item 5: Fees and Compensation, for additional information.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by Delta and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

### **Personal Trading for Associated Persons**

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed as part of a block trade with client trades, or individually after client trades have been completed. Additional information about block trades is provided in the Aggregation of Orders section of "Item 12: Brokerage Practices." When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

Delta and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.

## **ITEM 12: BROKERAGE PRACTICES**

### **Selection of Brokers**

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see "Item 15: Custody"). Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank. We have chosen TD Ameritrade Institutional, a division of TD Ameritrade Inc.,

member FINRA/SIPC (“TD Ameritrade “), Charles Schwab & Co., Inc. (“Schwab”), a registered broker/dealer, member SIPC, FolioFn Investments, Inc. and Interactive Brokers to act as custodian and broker/dealer for our client accounts.

In selecting brokers to execute portfolio transactions, we make a good faith judgment of about which broker would be appropriate. We take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation):

- the execution capabilities of the broker/dealer,
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis),
- custodial and other services provided by the broker/dealer that are expected to enhance our general portfolio management capabilities,
- the size of the transaction,
- the difficulty of execution,
- the operational facilities of the broker-dealers involved,
- the risk in positioning a block of securities, and
- the quality of the overall brokerage and research services provided by the broker/dealer.

When we select the broker/dealer for a transaction, we may cause you to pay a higher commission for effecting a transaction than another broker/dealer would have charged for effecting that transaction. We do this if we determine in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by the broker/dealer. The determination is viewed in terms of either the particular transaction or our overall responsibilities to you.

Additional information about the services offered by TD Ameritrade and Schwab is provided below.

## TD Ameritrade, Inc.

Delta participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade “). TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program. Please see Item 14: Client Referrals and Other Compensation” for additional information.

We do not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We recommend that our clients use TD Ameritrade as the qualified custodian. We are independently owned and operated and are not affiliated with TD Ameritrade. TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use TD Ameritrade as custodian/broker, you will decide whether to do so and will open your account with TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

## Charles Schwab & Co., Inc.

### **The Custodian and Brokers We Use**

Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### **Schwab Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide Delta and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of Schwab’s support services:

#### Services That Benefit You.

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

#### Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our

clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

#### Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Delta receives similar services to those described above from FolioFn, and other broker/dealer custodians.

## Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another client or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other client accounts and personal accounts of persons associated with Delta. When we place a block trade, all participants included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Client accounts maybe established at a number of different firms and we would normally execute with those firms that custody the assets. Because of this we may not be able to aggregate all our client orders

and therefore we may be unable to reduce transaction costs or the client may receive less favorable prices.

## **Directed Brokerage**

You may instruct us to execute any or all securities transactions for your account with or through one or more broker/dealers designated by you. In these cases, you are responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by the broker/dealers and you are satisfied with the terms and conditions. We have no responsibility for obtaining the best prices or any particular commission rates for transactions with or through the broker/dealer in these situations. You recognize that you may not obtain rates as low as you might otherwise obtain if we had discretion to select broker/dealers other than those chosen by you. If you would like us to cease executing transactions with or through the designated broker/dealer you must notify us in writing.

## **Soft Dollars**

The receipt of goods and/or services from the required custodian in connection with providing advice to clients is seen by the regulators as “soft dollars.” The additional services we receive from custodians, as disclosed in Item 14 below and the “Products and Services Available to Us From Schwab” described above, would fall under this description of soft dollars. There is an inherent conflict in this relationship, as Delta receives services from the custodian it recommends to clients. Delta acknowledges its duty to act in the best interest of the client and in line with its fiduciary duty.

## **ITEM 13: REVIEW OF ACCOUNTS**

Periodically, not less than annually, a review of the asset allocation and market exposure is reviewed. This review is performed by Nicholas Atkeson and Andrew Houghton, both Partners and Kyler Hasson, Investment Advisor Representative. Michael Kress, Managing Director, is responsible for the review of the Delta Kress Tactical strategy.

Delta does not custody any client funds or securities. Each custodian sends monthly or quarterly account statements directly to clients. Clients should carefully review those statements. In addition, Delta may send clients portfolio appraisal or transactions reports.

Generally, clients receive a brokerage statement on a monthly basis. The statements include an account summary with opening and closing balances. A portfolio equity allocation pie chart is included. Individual securities held in the account are shown. Transactions executed in the account are listed by date.

On a quarterly basis, Delta provides clients with a review of the strategies’ performance during the prior quarter. The quarterly report provides market observations and an explanation of the performance of the Tactical strategies by Nick Atkeson and Andrew Houghton.

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

Delta receives similar services to those described below from FolioFn, and other broker/dealer custodians.

## TD Ameritrade

As disclosed in "Item 12: Brokerage Practices," we participate in TD Ameritrade's institutional customer program and we may recommend that clients use TD Ameritrade for custody and brokerage services. There is no direct link between our participation in the program and the investment advice it gives to you, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. Benefits we receive from TD Ameritrade and other custodians that we use include the following products and services (provided without cost or at a discount):

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

Some of the products and services made available by TD Ameritrade through the program may benefit Delta but may not benefit its client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. The benefits received by Delta or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

## Schwab

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see "Item 12: Brokerage Practices"). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Client Referrals

We engage solicitors to provide client referrals. We pay these solicitors a portion of the fees we earn for managing the client that was referred. If you are referred by a solicitor, this practice will be disclosed in

writing and we will comply with applicable rules or statutes. Clients referred by a solicitor do not pay a higher fee.

## **ITEM 15: CUSTODY**

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in "Item 5: Fees and Compensation." You will also receive quarterly statements directly from custodian of the account that details all transactions in the account. Clients should compare the account statements they receive from their qualified custodian with the reports they receive from Delta.

## **ITEM 16: INVESTMENT DISCRETION**

As one of the conditions of managing your account, you are required to provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

Clients who have Custom accounts occasionally place restrictions on the types of options trades they will accept in their accounts. Some clients restrict our options trading to trading only covered calls and puts.

## **ITEM 17: VOTING CLIENT SECURITIES**

We do not accept the authority to vote proxies on your behalf and we do not provide guidance about how to vote proxies. You will receive proxies and other related paperwork directly from your custodian. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

## **ITEM 18: FINANCIAL INFORMATION**

We do not charge or solicit pre-payment of more than \$1,200 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.