

# Arthur M. Cohen & Associates, LLC

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Firm Brochure

May 20, 2020

This brochure provides information about the qualifications and business practices of Arthur M. Cohen & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at (847) 480-2990. 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.

Arthur M. Cohen & Associates, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Arthur M. Cohen & Associates, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Material Changes

This brochure dated March 20, 2020 contains the following material changes from the brochure dated March 13, 2020 which was filed with our last annual updating amendment:

- We have updated this ADV, Part2A about the firm's application and receipt of a Paycheck Protection Program loan.

Pursuant to current SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our brochure may be requested by contacting Lynn Cohen at (847) 480-2990.

Additional information about Arthur M. Cohen & Associates, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Arthur M. Cohen & Associates, LLC who are registered, or are required to be registered, as investment adviser representatives of Arthur M. Cohen & Associates, LLC.

## Table of Contents

|  |    |
|--|----|
| <u>Advisory Business</u> .....   | 1  |
| <u>Fees and Compensation</u> .....   | 2  |
| <u>Performance-Based Fees and Side-By-Side Management</u> .....                                    | 3  |
| <u>Types of Clients</u> .....  | 3  |
| <u>Methods of Analysis, Investment Strategies and Risk of Loss</u> .....                           | 4  |
| <u>Method of Analysis</u> .....  | 4  |
| <u>Disciplinary Information</u> .....  | 7  |
| <u>Other Financial Industry Activities and Affiliations</u> .....                                  | 7  |
| <u>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</u> ..... | 8  |
| <u>Brokerage Practices</u> .....   | 8  |
| <u>Review of Accounts</u> .....  | 9  |
| <u>Client Referrals and Other Compensation</u> .....   | 10 |
| <u>Custody</u> .....   | 10 |
| <u>Investment Discretion</u> .....   | 11 |
| <u>Voting Client Securities</u> .....  | 11 |
| <u>Financial Information</u> .....   | 11 |

## Advisory Business

Arthur M. Cohen & Associates, LLC (referred to herein as “we”) has been in business since 1989. Our principal owner is Arthur M. Cohen. The firm is federally registered with the SEC (Securities and Exchange Commission) as a Registered Investment Adviser.

We provide advisory services, furnish investment advice through consultations and may furnish advice to clients on matters not involving securities. We provide advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and other entities.

We tailor advisory services to each client individually. The firm works with clients to define financial objectives and to develop strategies for reaching those objectives. As part of services, we may counsel clients on income tax planning and control, risk exposure, educational funding, retirement planning, charitable goals, insurance needs, cash flow management, asset allocation and optimization, capital planning and management, benefits plan design and utilization, and estate planning and management. These services may include providing recommendations and advice on a wide range of securities including but not limited to equity securities, warrants, options, corporate debt securities, commercial paper, certificates of deposit, municipal securities, securities issued by the U.S. government, registered and private investment funds and interests in other investments in real estate, oil and gas. We may also offer advice to clients regarding their direct investments in investment partnerships and other businesses. We provide financial planning advice through analysis of client data including but not limited to investment statements, bank statements, retirement plans and insurance data including, but not limited to, life insurance and disability contracts and casualty insurance. Estate and trust documents including, but not limited to, wills and revocable trust agreements are also reviewed. In addition, personal interviews are conducted with all clients to determine living expenses, tax situations, balance sheet position and investment preferences and goals.

Each client is advised that it remains his/her responsibility to promptly notify Arthur M. Cohen & Associates when there is any change in his/her financial situation or/or financial objectives.

We do not participate in wrap fee programs.

Assets under direct management by Arthur M. Cohen & Associates are held by independent custodians, in the clients’ names. Arthur Cohen does not generally act as a custodian of client assets, although may be deemed to have “custody” over certain types of accounts when Arthur M. Cohen is the trustee of personal or family trusts created by clients of the firm. Arthur M. Cohen & Associates serves as investment adviser to these trusts.

As of January 15, 2020, our assets under management were \$767, 682, 075, under discretionary management and no assets under non-discretionary management.

### **Fees and Compensation**

The specific manner in which we charge clients is established in our written agreement with each client. Fees, except in special circumstances, are not negotiable.

Fees for investment advisory clients are generally based on the amount assets under management. The fee for equity-only or balanced accounts will generally be 1% of assets under management up to \$2,000,000 and 0.75% of the next \$5,000,000, as laid out in our agreement with each advisory client. Fees based upon the value of assets under management on or around the applicable period end will be determined based on the account statements provided from the applicable qualified custodian or, in the case of other assets like private investment companies, as provided by the issuers of those securities.

For clients whose assets are invested in Peter Schoenfeld Asset Management, we charge a fee that is equal to the amount the manager reduces his fee that is charged to the client. The client still pays the remainder of the fee to the money management firm. We are able to charge this fee, even though the clients' assets are managed by an outside firm, based upon the referral of our clients and ongoing due diligence we provide with respect to that manager. Clients do not pay anymore under this arrangement than if they were to invest directly with the third party money manager.

Our financial planning clients generally pay a flat fee based on the complexity of clients' financial situation starting at a minimum of \$500. An hourly rate of \$200 to \$400 may be charged in lieu of a flat rate, should the client desire.

Fees may be billed quarterly or semi-annually and are established in the written agreement with each client. A client may either pay its fee directly to the firm or opt to have the fee deducted from the client's custody account. When a client's fees are automatically deducted from the client's account, the client will be provided with an invoice at least 7 to 10 days in advance of deducting such fees from the client's account. Financial planning clients, paying on a yearly basis, sign an annual agreement with fees stated. Investment advisory clients sign an agreement stipulating the fee.

The agreement and fees may be terminated at any time with 30 days written notice. Unearned fees, minus expenses, will be returned to the client. Such fees will be billed at a time and in the

manner specified in each client's investment advisory agreement with firm. Clients are billed in advance whether investment advisory or financial planning clients.

No supervised person receives any commission or compensation for the sale of securities or other investment products.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investments and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, exchange-traded funds and other pooled investment vehicles such as private investment companies also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition our fee, and Arthur M. Cohen & Associates, LLC shall not receive any portion of these commissions, fees, and costs.

The Brokerage Practices section further describes the factors that we consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### **Performance-Based Fees and Side-By-Side Management**

We may charge a fee based upon a share of capital gains or capital appreciation in one or more limited strategies. At present, we charge a performance fee of 10% of the profits in a client's account annually, at the end of the year. In a year there are no profits, no fee is charge. Since we charge a performance fee for the strategy, we face a potential conflict of interest in managing assets that are charged a performance -based fee as opposed to other client's assets that are not charged a performance fee. This includes the possible incentive to favor the account that pays a performance-based fee. As an adviser to both types of fee arrangements, it is our policy to treat all clients equitably over time and avoid conflicts of interest.

### **Types of Clients**

We provide portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, trusts, charitable institutions, foundations and other entities.

## Methods of Analysis, Investment Strategies and Risk of Loss

### **Method of Analysis**

In order to formulate an investment strategy for each client, we first develop an understanding of the time horizon of each individual client. We then determine which assets are appropriate to invest in such as stocks, bonds and cash and formulate target percentages for each. We generally invest based on fundamental analysis. The main sources of information include Morningstar data, Value Line data, prospectuses, financial newspapers and magazines, research materials prepared by others, attendance at on and off site visits with portfolio managers, conference calls and industry conferences. Investing in all securities involves risk of loss and client should be prepared to bear that loss.

### **Risks**

**Market risk** is the risk that the value of your investments will fluctuate. This could cause the value of investments to fall below your original purchase price or below the principal value. Market value fluctuates in response to various factors. These can include changes in interest rates, inflation, the financial condition of a security's issuer, perceptions of the issuer, or ratings on a security. Investing in all securities involves risk of loss and client should be prepared to bear that loss.

**Interest rate risk** is the risk that the value of securities will fall if interest rates, in general, increase. Your fixed income securities typically fall in value when interest rates, in general, rise and rise in value when interest rates, in general, fall. Securities with longer periods before maturity are often more sensitive to general interest rate changes.

**Dividend payment risk** is the risk that an issuer of a security is unwilling or unable to pay income on a security. Stocks represent ownership interests in the issuers and are not obligations of the issuers. Common stockholders have a right to receive dividends only after the company has provided for payment of its creditors, bondholders and preferred stockholders. Common stocks do not assure dividend payments. Dividends are paid only when declared by an issuer's board of directors and the amount of any dividend may vary over time.

**Call risk** is the risk that the issuer prepays or "calls" a bond before its stated maturity. An issuer might call a bond if interest rates, in general, fall and the bond pays a higher interest rate than the current market rate or if it no longer needs the money for the original purpose. If an issuer calls a bond, you may receive a distribution of principal but your future interest distributions will fall. You might not be able to reinvest this principal at as high a yield. A bond's call price could be less than the price you paid for the bond and could be below the bond's par value.

***Municipal Bond Risks.*** Municipal bonds are debt obligations issued by states or by political subdivisions or authorities of states. Municipal bonds are typically designated as general obligation bonds, which are general obligations of a governmental entity that are backed by the taxing power of such entity, or revenue bonds, which are payable from the income of a specific project or authority and are not supported by the issuer's power to levy taxes. Municipal bonds are generally long-term fixed rate debt obligations that generally decline in value with increases in interest rates, when an issuer's financial condition worsens or when the rating on a bond is decreased. Many municipal bonds may be called or redeemed prior to their stated maturity, an event which is more likely to occur when interest rates fall.

***Bond quality risk*** is the risk that a bond will fall in value if a rating agency decreases the bond's rating.

***Original issue discount bonds*** are bonds which are initially issued at a price below their face (or par) value. These bonds typically pay a lower interest rate than comparable bonds that were issued at or above their par value. In a stable interest rate environment, the market value of these bonds tends to increase more slowly in early years and in greater increments as the bonds approach maturity. The issuers of these bonds may be able to call or redeem a bond before its stated maturity date and at a price less than the bond's par value. Zero coupon bonds are a type of original issue discount bond. These bonds do not pay any current interest during their life. If an investor owns this type of bond, the investor has the right to receive a final payment of the bond's par value at maturity. The price of these bonds often fluctuates greatly during periods of changing market interest rates compared to bonds that make current interest payments. The issuers of these bonds may be able to call or redeem a bond before its stated maturity date and at a price less than the bond's par value.

***Premium Bonds.*** You may invest in some bonds whose current market values were above the principal value when you invested in the bonds. A primary reason for the market value of such bonds being higher than the principal value is that the interest rate of such bonds is at a higher rate than the current market interest rates for comparable bonds. The current returns of bonds trading at a market premium are initially higher than the current returns of comparable bonds issued at currently prevailing interest rates because premium bonds tend to decrease in market value as they approach maturity when the principal value becomes payable. Because part of the purchase price is effectively returned not at maturity but through current income payments, early redemption of a premium bond at par or any other amount below your purchase price will result in a reduction in yield. Redemption pursuant to call provisions generally will, and redemption pursuant to sinking fund provisions may, occur at times when the bonds have a market value that represents a premium over par or for original issue discount securities a premium over the accreted value.

***General Fund Investing Risks.*** Investments in funds are not complete investment programs and you may lose money by investing in such funds. All investments carry a certain amount of risk and there is no guarantee that a fund will be able to achieve its investment objective. In general, funds charge certain expenses which may fluctuate in the future. Purchase and redemption activities by fund shareholders may impact the management of a fund and its ability to achieve its objective. An investment in a fund is not a deposit in a bank and is not insured or guaranteed by



the Federal Deposit Insurance Corporation or any other government agency, entity or person. You may lose money by investing in the Fund. The underlying funds have operating expenses. You will bear not only your pay fees to us, but also the expenses of the underlying funds.

***Exchange Traded Funds.*** Shares of exchange-traded funds frequently trade at a discount from their net asset value in the secondary market. This risk is separate and distinct from the risk that the net asset value of fund shares may decrease. The amount of such discount from net asset value is subject to change from time to time in response to various factors. ETFs are subject to various risks, including management's ability to meet the fund's investment objective, and to manage the fund's portfolio when the underlying securities are redeemed or sold, during the periods of market turmoil and as investors' perceptions regarding ETFs or their underlying investment change. The underlying funds have operating expenses. You will bear not only fees you pay to us, but also the expenses of the underlying funds. ETFs also face index correlation risk which is the risk that the performance of an ETF will vary from the actual performance of the fund's target index, known as "tracking error." This can happen due to transaction costs, market impact, corporate actions (such as mergers and spin-offs) and timing variances. Some funds use a technique called "representative sampling," which means that the fund invests in a representative sample of securities in its target index rather than all of the index securities. This could increase the risk of tracking error. Liquidity risk is the risk that the value of a security will fall if trading in the security is limited or absent. No one can guarantee that a liquid trading market will exist for any security.

***Derivatives Risk.*** The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate or instrument underlying a derivative, due to failure of a counterparty or due to tax or regulatory constraints. Derivatives may create economic leverage in your investments, which magnifies your exposure to the underlying investment. Derivatives for hedging purposes may not reduce risk if they are not sufficiently correlated to the position being hedged. The use of derivatives involves the exercise of specialized skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. Derivative instruments may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. The loss on derivative transactions may substantially exceed the initial investment.

***A money market mutual fund*** investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market mutual fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in such a fund.

***Liquidity risk*** is the risk that the value of a security will fall if trading in the security is limited or absent. No one can guarantee that a liquid trading market will exist for any security.

***Private Investment risk.*** You may invest in private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. You should not invest unless you are prepared to retain your interests in these investments until they are liquidated. Investing in unregistered or unlisted securities, including

private investment funds, may involve a high degree of risk that can result in substantial losses due to the absence of a public trading market for these securities and the absence of public disclosure and other investor protection requirements applicable if the securities were publicly traded. In addition, your ability to transfer and/or dispose of private investment is expected to be highly restricted.

### **Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation Arthur M. Cohen & Associates LLC and the integrity of Arthur M. Cohen & Associates, LLC's management. We have no information applicable to this item at this time.

### **Other Financial Industry Activities and Affiliations**

As a fiduciary, Arthur M. Cohen & Associates, LLC has certain legal obligations including the obligation to act in the clients' best interest. Arthur M. Cohen & Associates, LLC maintains a Business Continuity and Succession Plan and seeks to avoid a disruption of service to clients in the event of an unforeseen loss of key personnel, due to disability or death. To that end, Arthur M. Cohen & Associates, LLC has entered into a succession agreement with Joel Isaacson & Co., LLC effective February 21, 2017. Arthur M. Cohen & Associates, LLC can provide additional information to any current or prospective client upon request to Arthur M. Cohen, President at (847) 480-2990 or art@amcohen.com

None of our management people are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. No management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or associated person of the foregoing entities.

Clients may use broker-dealers of their choice. We recommend using Pershing Advisors Solutions, an affiliate of Bank of New York Mellon. Pershing is generally recommended due to its financial strength and stability, its offering an online computer service to our clients, its favorable fee structures, reputation, efficiency of order execution and its error resolution. We can service accounts with greater efficiency and economy through Pershing.

At times, we may provide recommendations to lawyers, law firms, insurance companies or agencies.

We refer clients to a money management firm that, in certain instances, may pay us a portion of the management fee charged to clients in a hedge fund sponsored by the money management firm. Generally, this payment is one half of the 1% management fee charged to investors.

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

The firm has adopted a code of ethics to promote the general principle that its employees and access persons have a duty at all times to place the interest of clients first. Employees and access persons must conduct their personal securities transactions in a manner that avoids any potential for conflict of interest or any abuse of their position of trust and responsibility. Employees and access persons may not use knowledge about pending or currently considered transactions for clients to profit personally and information concerning the identity of security holdings and financial circumstances of clients are confidential. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

The Code of Ethics includes standards of business conduct designed to reflect the fiduciary obligations. The Code has provisions that provide employees and access persons to comply with the applicable federal securities law, provisions designed to detect and prevent improper personal trading, provisions prohibiting improper insider trading, provisions requiring access persons to make periodic reports of personal securities and transactions and holdings and requiring the firm to review such reports, provisions requiring employees and access persons to report violations under the Code of Ethics promptly to the Chief Compliance Officer, and provisions requiring the firm to provide to each employee and access person a copy of the Code of Ethics and any amendments and requiring employees and access persons to provide a written acknowledgement of receipt.

Related persons of our firm may invest in certain securities including certain private investment funds that may also be recommended as appropriate for certain clients. If these securities are sold, they are always sold in the client's account first. Where we and our clients intend to trade interests in these investments at or around the same time, the client is allowed to have its interests sold ahead of the related persons at our firm.

### **Brokerage Practices**

We are committed to obtaining the best combination of price and execution under the circumstances for each securities transaction that we effect on behalf of our clients. In selecting parties to execute trades, we take into account a variety of factors including frequency of trading errors, commission rates, spreads, ability to provide liquidity, availability of access to various market centers, ability to execute large trades while avoiding significant market impact, responsiveness and back office capability among other factors. In making such evaluations with respect to a particular trade, we may consider the size of the trade, overall market quality, trading

characteristics of a particular security, availability of accurate information affecting choices, and the required speed of execution among other characteristics.

Prior to utilizing any brokers to execute trades, we require broker-dealers to represent that they provide best execution and we review their trading policies and practices. We periodically re-review any approved brokers.

We do not receive any commissions from broker-dealers executing these trades. We generally recommend using Pershing, an affiliate of Bank of New York Mellon due to its financial strength and stability, a favorable fee structure, reputation, efficiency of order execution and error resolution, and the offer of online computer services to us and our clients. We receive no research or other soft dollar benefits from Pershing or other broker/dealers. We receive no client referrals from any broker-dealers or third parties.

While we recommend Pershing, clients have the option of using other firms and may recommend that their purchases be made using other brokers or agents. In the event of a trade error, the error will be corrected and reported to our chief compliance officer and the broker-dealer which has custody of the account as soon as it occurs. Our chief compliance officer will then document the error in the Trade Error Log which will include the trade date, the ticker number of the subject security, the security name, the name of the client account affected, the gain/loss occurring as a result of the error, a description of the error and a description of the resolution. For accounts where Charles Schwab is the qualified custodian, if an investment gain results from the correcting trade, the gain will remain in the affected client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for the client to retain the gain or we confer with the affected client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account, any such gains over \$100 will be donated to charity. If a loss occurs greater than \$100, we will pay for the loss. The executing broker-dealer will retain the loss or gain (if such gain is not retained in the client account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in a single client's account, they may be netted. For accounts where Pershing is the qualified custodian, any gains or losses resulting from the error will be allocated to our "Error Account" relating to all client accounts. Such gains and losses will be netted in the error account over time. If at any time the balance drops to a net loss of over \$100, we will be required to pay such balance out of its own fund. Periodically, accrued net gains in the error account will be donated to charity.

### Review of Accounts

We obtain background information about each client's financial circumstances, investment objectives and risk tolerance through an in-depth interview and questionnaire that each client will fill out upon engaging our firm. We use this profile in making all financial decisions. While ongoing updates from clients are encouraged, each client will be scheduled at a minimum for a face-to-face interview with Arthur M. Cohen to update this information annually. At such

meetings, we will review the client's current holdings along with changes to financial circumstances, investment objectives and risk tolerance. In consultation with the client, we will determine the best strategy going forward. After such meeting, a letter will be sent to each client summarizing the discussions to ensure that we and the client have a consistent understanding of client's current circumstances, investment objectives and risk tolerance. Arthur M. Cohen reviews client accounts on a quarterly or semi-annual basis. Financial plans are reviewed on an as needed and on an annual basis. A review of clients' accounts, other than its normal review, may take place at a meeting, or in the event of a family crisis.

As part of this assessment process, we will review both the legal and practical qualifications of all clients to determine the appropriateness of presenting such clients with more sophisticated investment opportunities including options strategies and limited offerings. For clients for which such strategies are deemed to be appropriate, a more extensive review will be conducted to confirm their appropriateness and what, if any, portion of a client's assets may be appropriately invested with such strategies. Where we receive any fee from any third party in connection with recommending an investment to a client including a continuing service fee, this will be disclosed to and discussed with such client.

Monthly or quarterly reports showing positions and year to date performance may be issued along with information regarding asset allocation to a client.

### **Client Referrals and Other Compensation**

Client referrals come from current clients, estate planning attorneys, accountants and personal friend of employees. No economic benefits in the form of sales awards or other prizes are provided to any related person of Arthur M. Cohen & Associates. We do not directly or indirectly compensate any non-supervised person for client referrals. Arthur M. Cohen & Associates does not accept referral fees or any form of remuneration from other professionals when a client is referred to Arthur M. Cohen & Associates, LLC.

We refer clients to a money management firm that, in certain instances, may pay us a portion of the management fee charged to clients in a hedge fund sponsored by the money management firm. Generally, this payment is one half of the 1% management fee charged to investors.

### **Custody**

Clients receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Assets under direct management by Arthur M. Cohen & Associates are held by independent custodians in the clients' names. Arthur Cohen does not generally act as a custodian of client assets, although may be deemed to have "custody" over certain types of accounts when Arthur M. Cohen is the trustee of personal or family trusts created by clients of the firm. Arthur M. Cohen & Associates serves as investment adviser to these trusts.

### **Investment Discretion**

With respect to certain clients, we receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Discretionary trading authority facilitates placing trades in client accounts on their behalf so we may promptly implement the investment strategy that they have approved. All persons who are insiders of corporations have limited our discretion and we do not trade in clients' securities of such persons without their prior permission after they check with the appropriate legal and/or compliance persons at their companies.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which we advise. Investment guidelines and restrictions must be provided to Arthur M. Cohen & Associates, LLC in writing.

### **Voting Client Securities**

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. We may provide advice to clients regarding the clients' voting of proxies.

### **Financial Information**

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about Arthur M. Cohen & Associates, LLC's financial condition. As a result of the Coronavirus crisis, Arthur M. Cohen & Associates applied for and received a Paycheck Protection Program loan from the U.S Small Business Administration (SBA). The SBA will forgive the loan if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest or utilities. It is the intent of Arthur M. Cohen &

Associates, LLC that all employees are kept on payroll for eight weeks and to use 100% of loan to cover payroll and the other named expenses.

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding. We do not receive more than \$1,200 in advance of 6 months' work.