

# Disclosure Brochure

March 26, 2020



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This brochure provides information about the qualifications and business practices of CRA Financial Services, L.L.C. (hereinafter "CRA" or the "Firm"). If you have any questions about the contents of this brochure, please contact Donna Savastani at (609) 380-3500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about CRA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

CRA is an SEC-registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This Item discusses only the material changes that have occurred since CRA's last annual amendment dated March 22, 2019. Since our last annual amendment, this Disclosure Brochure has been amended as follows:

- At Item 4 to incorporate disclosures related to retirement plan rollovers, eMoney, cash positions, period of portfolio inactivity, third party tax preparation services, investment risks, client obligations, and our disclosure brochure
- At Items 4, 5, and 10 to remove reference to commission-based insurance sales
- At Item 5 to revise disclosures related to the use of margin and its corresponding impact on client fees
- At Item 7 to remove reference to minimum account size requirements
- At Item 13 to revise the frequency of account reviews and parties responsible for account reviews
- At Item 14 to remove reference to solicitor payments
- At Item 15 to incorporate disclosure language related to custody arising from standing letters of authorization
- At Item 17 to reflect changes to the firm's proxy voting practices

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## Item 4. Advisory Business

Since September 2000, CRA has been in business as a comprehensive wealth management firm focused on fee-based asset management built on a foundation of solid financial planning. CRA is committed to providing value-added, wealth-enhancing services to its clients in a cost-effective manner that remains consistent with its philosophy that putting clients' best interest first is CRA's first priority. CRA provides financial planning, consulting, and investment management services. CRA's principal owners are Thomas E. Reynolds and Matthew J. Reynolds.

As of December 31, 2019, CRA had \$764,405,791.64 of assets under management, \$335,335,656.38 of which was managed on a discretionary basis and \$431,070,135.26 of which was managed on a non-discretionary basis.

Prior to engaging CRA to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with CRA setting forth the terms and conditions under which CRA renders its services (collectively the "Agreement").

This Disclosure Brochure describes the business of CRA. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of CRA's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on CRA's behalf and is subject to CRA's supervision or control.

### Financial Planning and Consulting Services

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CRA provides its clients with a broad range of comprehensive financial planning and consulting services. These services include investment, retirement, tax, estate, education, and insurance planning. To the extent agreed upon, and in connection with certain legacy engagements, CRA may also pay for the client to receive tax preparation services as part of its financial planning and consulting service. **Please Note:** All tax preparation services are provided by an unaffiliated third party, not subject to CRA's supervision and oversight. If the client engages any unaffiliated tax preparer, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged tax preparer, and not CRA, shall be responsible for the quality and competency of the tax preparation services provided.

In performing its services, CRA is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. CRA recommends the services of itself, its *Supervised Persons* and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if CRA recommends its own services or those offered by its *Supervised Persons*. The client is under no obligation to act upon any of the recommendations made by CRA under a financial planning or consulting engagement or to engage the services of any such recommended professional, including CRA itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any

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

### **Investment Management Services**

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Clients can engage CRA to manage all or a portion of their assets on a discretionary or non-discretionary basis.

### **General**

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CRA primarily allocates clients' investment management assets among Independent Managers (as defined below), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, real estate investment trusts ("REITs"), and/or options as well as the securities components of variable annuities in accordance with the investment objectives of the client. Where appropriate, CRA also provides advice about any type of investment held in clients' portfolios.

Where appropriate, CRA also renders non-discretionary investment management services to clients relative to variable annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products. In so doing, CRA either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

CRA tailors its advisory services to the individual needs of clients. CRA consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. CRA ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify CRA if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon CRA's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in CRA's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Use of Independent Managers**

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As mentioned above, CRA may recommend that certain clients authorize the active management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between CRA or the client and the designated Independent Managers. CRA renders services to the client

relative to the recommendation and oversight of Independent Managers. CRA also monitors and reviews the account performance and the client's investment objectives. CRA receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When recommending an Independent Manager for a client, CRA reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that CRA considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, CRA's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by CRA, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to CRA's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may maintain billing practices which differ from those of CRA. In such instances, CRA may alter its corresponding billing practices to accommodate those of the Independent Managers. In addition, clients are advised that certain Independent Managers may impose minimum account size and/or minimum asset level requirements.

### **Retirement Plan Consulting Services**

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CRA provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by CRA as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of CRA’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## Miscellaneous Disclosures

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**Retirement Plan Rollovers.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If CRA recommends that a client roll over their retirement plan assets into an account to be managed by CRA, such a recommendation creates a conflict of interest if CRA will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by CRA.

**eMoney.** CRA may provide its clients with access to an online platform hosted by “eMoney Advisor” (“eMoney”). The eMoney platform allows a client to view their complete asset allocation, including those assets that CRA does not manage (the “Excluded Assets”). CRA does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, CRA’s service relative to the Excluded Assets is limited to reporting only. Therefore, CRA shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not CRA, shall be exclusively responsible for such investment performance. Without limiting the above, CRA shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage CRA to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between CRA and the client. The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by CRA. Finally, CRA shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without CRA’s assistance or oversight.

**Cash Positions.** CRA may maintain cash and cash equivalent positions (such as money market funds, etc.) for defensive, liquidity, or other purposes. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating CRA’s advisory fee.

**Portfolio Activity.** CRA has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, CRA will review client portfolios on an ongoing basis to determine

if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when CRA determines that changes to a client's portfolio are neither necessary nor prudent. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by CRA will be profitable or equal any specific performance level(s).

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CRA) will be profitable or equal any specific performance level(s).

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

Disclosure Brochure. A copy of the CRA's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of an agreement between the client and CRA.

## **Item 5. Fees and Compensation**

CRA offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

### **Financial Planning and Consulting Fees**

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CRA charges a fixed fee and/or hourly fee for financial planning and consulting services depending on the particular client engagement. These fees are negotiable, but generally range from \$1,000 to \$5,000 on a fixed fee basis and/or \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. Financial planning and consulting clients may also engage CRA for additional investment advisory services, including investment management. In such instances, CRA may offset all or a portion of its financial planning and consulting services against the fees incurred for investment management.

Prior to engaging CRA to provide financial planning and/or consulting services, the client is required to enter into a written agreement with CRA setting forth the terms and conditions of the engagement. Generally, CRA requires one-half of the financial planning / consulting fee (estimated hourly or fixed)



payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

## **Investment Management Fee**

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CRA provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by CRA. CRA's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. CRA does not, however, receive any portion of these commissions, fees, and costs. In certain circumstances, CRA provides complimentary financial planning services to clients who engage CRA for investment management services.

CRA's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by CRA on the last day of the previous quarter. The annual fee varies (between 0.75% and 1.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

CRA, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## **Retirement Plan Consulting Fees**

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CRA charges an asset-based fee to provide clients with retirement plan consulting services. These fees typically range from 0.40% - 1.00% annually.

## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), CRA recommends that clients utilize the brokerage and clearing services of National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, "Fidelity") or Charles Schwab & Co., Inc. through its Schwab Advisor Services division ("Schwab") for investment management accounts.

CRA may only implement its investment management recommendations after the client has arranged for and furnished CRA with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Fidelity, Schwab, any other broker-dealer recommended by CRA, any broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

In addition to the fees charged by CRA, clients incur certain charges imposed by the *Financial Institutions* and other third parties such as brokerage commissions and other transaction costs, fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account,

which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), margin costs, reporting charges, 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.

### **Fee Debit**

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CRA's Agreement and the separate agreement with any Financial Institutions generally authorize CRA or Independent Managers to debit the client's account for the amount of CRA's fee and to directly remit that management fee to CRA or the Independent Managers. Any Financial Institutions that serves a qualified custodian on behalf of CRA's clients have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to CRA. Alternatively, clients may elect to have CRA send an invoice for payment.

### **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between CRA and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. CRA's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

In certain circumstances, CRA is authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed net of any outstanding margin balance. However, if margin were used to purchase assets that CRA will manage, CRA would include the entire market value of the margined assets when computing its advisory fee, which would present a conflict of interest because it would result in an increased advisory fee. Another conflict of interest would arise if CRA has an economic disincentive to recommend that the client terminate the use of margin. If CRA recommends that a client apply for a margin loan to meet liquidity needs instead of selling securities that CRA manages for a fee, the recommendation presents a conflict of interest because selling those securities (instead of leveraging those securities to access a margin loan) would decrease CRA's investment advisory fee. Please see item 8 below for further discussion regarding the use of margin.

Clients may make additions to and withdrawals from their account at any time, subject to CRA's right to terminate an account. Additions may be in cash or securities provided that CRA reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to CRA, subject to the usual and customary securities settlement procedures. However, CRA designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. CRA consults with its clients about the options and ramifications of transferring securities as necessary. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

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

## **Item 7. Types of Clients**

CRA provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Size and Minimum Fee**

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CRA does not impose a minimum account size or minimum annual fee requirement. However, certain Independent Managers may impose specific account and/or minimum annual fee requirements and conduct billing practices which vary from those of CRA. In such instances, CRA may alter its corresponding billing practices to accommodate those of the Independent Managers.

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

### **Methods of Analysis**

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CRA's primary method of analysis is based on Modern Portfolio Theory.

*Modern Portfolio Theory* is a theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. Modern Portfolio Theory seeks to construct an optimal portfolio by considering the relationship between risk and return, especially as measured by alpha, beta, and R-squared.

### **Investment Strategies**

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CRA attempts to maximize portfolio expected return for a given amount of portfolio risk. To do so, CRA primarily utilizes mutual funds, ETFs, and cash equivalents, but may occasionally incorporate individual equities and fixed income securities. For equities, CRA allocates internationally (including both developed and emerging markets), and domestically (including large, mid, and small cap stocks). For fixed income, CRA allocates to U.S. government and corporate bonds, international bonds, inflation-protected bonds, floating rate and high-yield bonds, municipal bonds, and mortgage-backed securities. When using alternative investments in a portfolio, CRA allocates to commodity and real estate classes of securities, as well as market neutral and long/short funds.

## **Risks of Loss**

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Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly.

### *Market Risks*

The profitability of a significant portion of CRA's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that CRA will be able to predict those price movements accurately.

### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

### *Equity-Related Securities and Instruments*

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *REIT Risks*

CRA recommends an investment in, or allocate assets among, various REITs, the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

#### *Use of Independent Managers*

CRA may recommend the use of *Independent Managers* for certain clients. CRA will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, CRA does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

### *Use of Margin*

While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

### *Use of Options*

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer who may be unwilling or unable to perform its contractual obligations.

## **Item 9. Disciplinary Information**

CRA is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. CRA does not have any required disclosures to this Item.

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

CRA is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. CRA has described such relationships and arrangements below.

### **Referral to Insurance Agency**

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Certain of CRA's Supervised Persons, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend the purchase of certain insurance products and may refer clients to other, unaffiliated insurance agents or agencies for implementation purposes. Neither CRA nor its Supervised Persons that recommend the purchase of insurance products receive insurance commissions or other additional compensation.

### **Referrals to Related Certified Public Accountants**

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CRA does not render accounting advice or tax preparation services to its clients. Rather, to the extent that a client requires accounting advice and/or tax preparation services, CRA, if requested, will recommend the services of a Certified Public Accountant, all of which services are rendered independent of CRA pursuant to a separate agreement between the client and the Certified Public Accountant. CRA does not receive any of the fees charged by any recommended Certified Public Accountant, referral or otherwise. Specifically, one member of CRA is also a principal of Capaldi, Reynolds & Pelosi, P.A. ("CRP"), a Certified Public Accounting firm. To the extent that CRP provides accounting and/or tax preparation services to any of CRA's clients, all such services are performed by CRP, in its separate capacity, independent of CRA, for which services CRA does not receive any portion of the fees charged by CRP, referral or otherwise.

Although CRA does not receive referral fees from CRP, one individual associated with CRA is entitled to receive compensation relative to his ownership interest in CRP. As a result of this compensation, a conflict of interest exists if CRA or any of its Supervised Persons recommends CRP's services to CRA's clients.

## **Item 11. Code of Ethics**

CRA has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of certain persons associated with the Firm ("associated persons"). The Firm's Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by CRA or any of its associated persons. The Code of Ethics also requires that certain of CRA's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

CRA and its associated persons are permitted to buy or sell securities that it also recommends to clients consistent with CRA's policies and procedures. Unless specifically permitted in CRA's Code of Ethics, none of CRA's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of CRA's clients.

When CRA is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when CRA is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase

agreements and other high quality short-term debt instruments; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients and prospective clients may contact CRA to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

As discussed above in Item 5, CRA recommends that clients utilize the brokerage and clearing services of Fidelity and/or Schwab.

Factors which CRA considers in recommending Fidelity, Schwab, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity and Schwab enable CRA to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity and/or Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by CRA's clients comply with CRA's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where CRA determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. CRA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

CRA periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist CRA in its investment decision-making process. Such research generally will be used to service all of CRA's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because CRA does not have to produce or pay for the products or services.

### **Software and Support Provided by Financial Institutions**

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CRA receives from Fidelity and Schwab, without cost to CRA, computer software and related systems support, which allow CRA to better monitor client accounts maintained at Fidelity and Schwab. CRA receives the software and related support without cost because CRA renders investment management



services to clients that maintain assets at Fidelity and Schwab. The software and related systems support may benefit CRA, but not its clients directly. In fulfilling its duties to its clients, CRA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that CRA's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence CRA's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, CRA may receive the following benefits from Fidelity and Schwab: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional traders; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

The client may direct CRA in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and CRA will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by CRA (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, CRA may decline a client's request to direct brokerage if, in CRA's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless CRA decides to purchase or sell the same securities for several clients at approximately the same time. CRA may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among CRA's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among CRA's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that CRA determines to aggregate client orders for the purchase or sale of securities, including securities in which CRA's Supervised Persons may invest, CRA does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. CRA does not receive any additional compensation or remuneration as a result of the aggregation. In the event that CRA determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares will be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing

other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations will be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, CRA will exclude the account(s) from the allocation; the transactions will be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares will be allocated to one or more accounts on a random basis.

CRA does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Item 13. Review of Accounts**

For those clients to whom CRA provides investment management services, CRA monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a semi-annual basis. For those clients to whom CRA provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by either the Principals of CRA, Thomas E. Reynolds, Matthew J. Reynolds, and Robert T. Martin, or one of the other advisors, Gordon Shearer, Jr., Jeff Hilliard, or Joe McCaffrey. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with CRA and to keep CRA informed of any changes thereto. CRA contacts ongoing investment advisory clients periodically to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom CRA provides investment advisory services will also receive a semi-annual report from CRA that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with those they receive from CRA.

Those clients to whom CRA provides financial planning and/or consulting services will receive reports from CRA summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by CRA.

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

CRA is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, CRA is required to disclose any direct or indirect compensation that it provides for client referrals.

CRA receives economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## **Item 15. Custody**

CRA's Agreement and/or the separate agreement with any Financial Institution may authorize CRA through such Financial Institution to debit the client's account for the amount of CRA's fee and to directly remit that management fee to CRA in accordance with applicable custody rules.

The Financial Institutions that serve as qualified custodians on behalf of CRA's clients have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to CRA. In addition, as discussed in Item 13, CRA also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from CRA.

### **Surprise Independent Examination**

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Because certain related persons of CRA act as trustees for clients in connection with advisory services those related persons provide to clients of CRA, those related persons are deemed to have custody over clients' cash, bank accounts or securities. Since those related persons are deemed to have custody over the trust assets, CRA is required to engage an independent accounting firm to perform a surprise annual examination of the assets and accounts over which those related persons of CRA maintain custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. The assets of the trusts are held with qualified custodians.

### **Standing Letters of Authorization**

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

## Item 16. Investment Discretion

In limited circumstances, CRA may be given the authority to exercise discretion on behalf of clients. CRA is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. CRA is given this authority through a power-of-attorney included in the agreement between CRA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). CRA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made

## Item 17. Voting Client Securities

Unless a client directs otherwise in writing, CRA, in conjunction with the proxy voting and due diligence services provided by ProxyEdge®, or its successors or assigns, shall be responsible for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted. CRA and/or the client shall correspondingly instruct each custodian of the assets to forward to CRA copies of all proxies and shareholder communications relating to the assets. CRA, in conjunction with the services provided by ProxyEdge®, shall monitor corporate actions of individual issuers and investment companies consistent with CRA's fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, CRA may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), CRA may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. CRA shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how CRA voted on any specific proxy issue is also available upon written request.

Alternatively, clients may, at their written election, choose to receive proxies related to their own accounts, in which case CRA may consult with clients as they may request. With respect to ERISA accounts, CRA will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct CRA to vote a proxy in a particular manner, clients should contact CRA's Chief Compliance Officer by telephone, electronic mail, or in writing.

CRA will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by CRA that was material to making a decision how to vote proxies, and a copy of each written client request for

information on how the adviser voted proxies. If CRA has a conflict of interest in voting a particular action, it will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting our Chief Compliance Officer directly. Clients may request, in writing, information on how proxies for his or her shares were voted. If any client requests a copy of CRA's complete proxy policies and procedures or how it voted proxies for his or her accounts, CRA will promptly provide such information to the client.

CRA will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's accounts, including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, CRA will make commercially reasonable efforts to forward such notices in a timely manner.

### **Item 18. Financial Information**

CRA does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, CRA is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. CRA has no disclosures pursuant to this Item.