

# **The Doman Group, LLC**

## **Firm Brochure**

**May 14, 2020**

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**This brochure provides information about the qualifications and business practices of The Doman Group, LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 212-991-8106. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about The Doman Group, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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## **Item 2. Material Changes**

The following is a list of material changes since our last annual amendment on March 29, 2019:

Item 8: Additional risk disclosure addressing pandemic risk.

We will provide clients with a summary of any material changes and amendments to this and subsequent brochures within 120 days of the end of our fiscal year. We will provide ongoing disclosures about material changes, as necessary.

Clients and prospective clients may obtain a copy of this brochure, free of charge, by contacting our office at 212-991-8106, or by emailing a request to Mark S. Doman, at [mark@domangroup.com](mailto:mark@domangroup.com).

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#### **Item 4. Advisory Business**

The Doman Group, LLC (the “Adviser”) is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser on January 1, 2012 and is registered with the SEC. Mark Doman is the principal owner of Doman Management Group, LLC, which owns the Adviser.

The Adviser provides the following advisory services both on a discretionary and non-discretionary basis to its clients, which include individuals, trusts, corporations and other business entities. The Adviser provides investment management services for discretionary accounts and investment supervisory services for non- discretionary accounts.

The Adviser provides advice to client accounts based on specific investment objectives and strategies. The Adviser tailors advisory services to the individual needs of clients and will allow clients to impose restrictions on investing in certain securities. Currently, the Adviser tailors its advisory services based upon information clients provide to the Adviser in the form of a confidential investor profile.

The Adviser has approximately \$ 257,725,134 in client assets under management as of December 31, 2019. The Adviser currently manages approximately \$229,462,765 on a discretionary basis, approximately \$28,262,369 on a non-discretionary basis.

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

The Adviser charges each client an investment management fee based on the value of the client’s assets under management in accordance with this schedule:

<b>Account Size</b>	<b>Investment Management Fee</b>
Up to \$500,000	1.50%
\$500,001-\$1,000,000	1.25%
\$1,000,001-\$10,000,000	1 .00%
\$10,000,001-\$25,000,000	0.90%
\$25,000,001-\$50,000,000	0.75%
\$50,000,001 and up	0.50%

The fees are negotiable based upon various objective and subjective factors including, but not limited to, the amount of assets placed under direct management, the amount of assets placed under supervision, the complexity of the engagement, the level and scope of the overall investment services to be rendered, and other business relationships that the client may have with the Adviser’s affiliated entities.

Investment management fees are generally charged each quarter in advance based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. If a new client account is established during a quarter or a client makes an additional contribution to its account during a quarter the investment management fee may be charged as of the date of the account opening or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter. Upon termination, client’s obligation to pay advisory fees will be pro-rated through the date of termination with any unearned portion being returned to the client.

The Adviser does not receive performance-based fees.

The Adviser customarily deducts the investment management fee, which may include fees for 3<sup>rd</sup> party subadvisors or independent managers selected by the adviser directly from client accounts by instructing the client's custodian based on that specific client's fee schedule in their Investment Management Agreement. Upon Client request, however, the Adviser may bill the client rather than deducting the investment management fee from client accounts. Bills sent directly to the client are due and payable within 10 days of receipt. The client may select the method by which it would like to pay the investment management fee.

The Adviser either deducts its fees directly from the client's accounts, or bills clients for investment management fees, quarterly in advance.

The clients are required to pay the Adviser's fees in advance. The client may obtain a refund of a pre-paid fee if the advisory contract is terminated or a withdrawal is made from the account before the end of a billing period by notifying the Adviser in writing of an intent to terminate the account.

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

Neither the Adviser nor its supervised persons accepts a performance-based fee. However, certain client accounts may have higher asset-based fees than other accounts. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser higher fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies.

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

The Adviser's clients currently consist of individuals, trusts, corporations and other business entities.

The Adviser has discretion to open or maintain Client accounts. The stated minimum account size is \$1 million but the Adviser has discretion to waive the minimum.

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

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research as well as use of quantitative tools and investment approaches.

The Adviser employs the following investment strategies and product types:

*Municipal Bonds.* The Adviser aims to maximize tax-free income and moderate interest rate risk through credit research and the avoidance of interest rate speculation. Generally, the Adviser purchases bonds that are viewed as investment-grade quality.

*Corporate Bonds.* The Adviser's taxable bond strategy is to buy investment -grade corporate bonds of companies that have strong market positions, healthy cash flow generation, stable management teams and predictable earnings throughout time. The credit research process we utilize capitalizes on opportunities in the corporate bond market across states, sectors and maturities; aiming to optimize tax consequences for investors and providing relative protection from volatility in risky assets. We target high-credit rating, short- term maturity investments and always consider liquidity as part of the investment process.

*Buy and Hold.* The Adviser engages in a buy and hold investment strategy wherein the Adviser buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

*Equity.* The Adviser's equity strategy focuses on a broad range of equity investment styles, including growth, core, and value, as well as portfolios designed to be "style-neutral". Some client accounts focus on specific ranges on the capitalization scale, from micro-cap, through small-cap, mid-cap and large-cap, to mega-cap. Other client accounts will focus on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, the Adviser manages client accounts that are global, multi-national, or focused on particular geographic regions or specific countries.

*Fundamental Value.* The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

*Global Macro.* The Adviser engages in a global macro investing strategy wherein the Adviser attempts to anticipate global macroeconomic events using discretionary selection.

*Growth.* The Adviser engages in a growth investment strategy wherein the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or overall market.

*Relative Value.* The Adviser pursues relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

*Options.* The Adviser may pursue strategies using financial derivatives, specifically equity options in certain client accounts. The strategies may include long or short positions in either put or call options and include the following types of positions: 1) covered calls, 2) long calls, 3) long puts, and 4) put-writing (with encumbered cash). Options give the purchaser the right but not the obligation to exercise the option to obtain the underlying security at a predetermined price. An option seller has the obligation to deliver the underlying security at a predetermined price if the purchaser chooses to exercise the option.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment. The material risks associated with the Adviser's investment strategies are set forth below.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Municipal Market and Tax Reform Risk.* As Client accounts will hold debt securities of municipal issuers, changes or proposed changes in U.S. federal tax laws could impact the value of those securities. Of particular concern would be large changes in marginal income tax rates or the elimination of the tax preference for municipal interest income versus currently taxable interest income. Also, the failure or possible failure of such debt issuances to qualify for tax-exempt treatment in the U.S. may cause the prices of such municipal securities to decline, possibly adversely affecting the value of the portfolio of a Client account. In addition, there can be regional variations in economic conditions or supply-demand fundamentals. Public information in the municipal market is also less available than in other markets, increasing the difficulty of evaluating and valuing such securities. Many bonds in the municipal market are insured by private companies. Changes in market conditions affecting the bonds insured, the availability of capacity to insure, or the downgrade of any or all of the insurers could have a negative impact on the municipal market and the performance of a Client account.

*Municipal Credit Risk.* Client accounts face potential loss due to credit migration or default on the municipal portfolio.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall,

the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

*Lack of Diversification.* Client accounts may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Relative Value Risk.* In the event that the perceived mispricing underlying the Adviser's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, client accounts may incur a loss.

Risks associated with the types of investments that are primarily recommended (including significant, or unusual risks) are set forth below.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo- political risks have led, and may in the future lead, to increased short- term market volatility and may have adverse long-term effects on world economies and markets generally.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

*Hard Assets.* The production and marketing of hard assets may be affected by actions and changes in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire, drought, and increased regulatory and environmental costs. Hard asset securities may also experience greater price fluctuations than the relevant hard asset.

*Pandemic Risk.* Disease outbreaks that affect local economies or the global economy may materially and adversely impact our investment portfolios and/or our business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, there can be no assurance that we or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.

**Item 9. Disciplinary Information**

This item is inapplicable.

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

The Adviser may recommend other investment advisers for its clients but receives no direct or indirect compensation from those advisers for such services. Any perceived conflict(s) of interest



are disclosed to clients, and the Adviser obtains client consent.

The Adviser has affiliated entities in insurance, real estate, consulting, and business management and advisory services. These entities were designed to provide The Doman Group's clients with an ability to consider these other services within the context of their overall financial picture.

When transacting business with any of these related entities, in addition to paying investment management fees, client accounts may also be subject to other expenses such as, but not limited to: custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts, such as proxy voting service charges. Please refer to Item 12 of this Adviser's Brochure for a discussion of The Doman Group's brokerage practices. In addition, Clients may also be subject to a Business Advisory fee, which may be payable to an affiliate of the Adviser if such services are requested by the Client and are engaged through a separate agreement with the Client.

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

The Adviser has adopted a Compliance Manual (the "Manual") that obligates the Adviser and its related persons to put the interests of the Adviser's clients before its own interests and to act honestly and fairly in all respects in its dealings with clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Manual by contacting Mark S. Doman by email: mark@domangroup.com, or by telephone: 212-991-8106. See below for further provisions of the Manual as they relate to the pre-clearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser or its related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). The Adviser has adopted certain pre-clearance procedures in its Manual to ensure that personal trades made by employees of the Adviser will not have or give the appearance of an adverse economic impact on clients of the Adviser. In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed. In addition, the Adviser's Manual prohibits the Adviser or its related persons and access persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Firm. All of the Adviser's related persons must generally provide the Adviser with a written record of his or her personal securities transactions within 30 days of the end of each calendar quarter. All of the Adviser's related persons are also required to provide a copy of each confirmation and periodic account statement issued by such person's broker. Trading in employee accounts will be reviewed by the Chief Compliance Officer or a designated related person and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the extent that the Adviser or a related person or any of their employees own securities that the Adviser or its related person also recommends to clients, such clients' proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its related person's) discretion.

## **Item 12. Brokerage Practices**

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution, and error resolution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

The Adviser may receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When and if the Adviser obtains Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer will periodically review and evaluate its soft dollar practices and determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other client accounts. The Adviser seeks to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Under certain circumstances, the Adviser may permit clients to direct the Adviser to execute the client's trades with a specified broker-dealer. When a client directs the Adviser to use a specified broker-dealer to execute all or a portion of the client's securities transactions, the Adviser treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. Although the Adviser attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client's instructions. Transactions in the same security for accounts that have directed the use of the same broker will be aggregated. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client securities transactions upon prior approval by the client. A client who directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to

reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct the Adviser to execute the client's trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of securities, round and odd lots and the market for the security. The commissions charged to clients that direct the Adviser to execute the client's trades through a specified broker-dealer may in some transactions be materially different than those of clients who do not direct the execution of their trades. Clients that direct the Adviser to execute the client's trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of the Adviser.

The Adviser often purchases or sells the same security for many clients at or near the same time and using the same executing broker. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Orders of two or more clients may be aggregated only if the relevant member of the portfolio management staff determines, on an individual client basis that the securities order is (i) in the best interests of each client participating in the order, (ii) consistent with the Adviser's duty to obtain best execution and (iii) consistent with the terms of the investment advisory contract of each participating client. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. However, in cases where the client has negotiated the commission rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a client's account, the Adviser may be precluded from aggregating that client's transaction with others. In such a case, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order.

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

Each client account is reviewed by an appropriate member of the portfolio management staff of the Adviser on a periodic basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account.

Significant market events affecting the prices of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client or specific arrangements with particular clients may trigger reviews of client accounts on other than a periodic basis.

Each client that is a separate account will receive a detailed, written quarterly investment advisory report which contains, among other things, a portfolio summary, listing of securities in the portfolio, performance summary, and year-to-date realized gains and losses. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

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

The Adviser may make cash payments to third-party solicitors for client referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective client with a copy of the Adviser's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

#### **Item 15. Custody**

The Adviser is deemed to have custody of the funds and securities because it may have the ability to directly deduct advisory fees from its client's custodial accounts. Through Investment Management Agreement with the client, the

Adviser obtains written permission from its clients to directly deduct advisory fees, and verifies that the custodian involved delivers at least quarterly statements directly to the client.

The Adviser and its affiliated entity, TDG Advisory Services, LLC, may provide non-investment advisory services where they have direct access to client bank accounts and other assets (bill paying services, etc.). Fees for these services are negotiable and are billed to the client separately. The Adviser has obtained the services of an unaffiliated PCAOB certified accounting firm to conduct unannounced audits on client accounts where it or its affiliated entity provides these services.

The Adviser also sends quarterly statements directly to clients in addition to those sent by the qualified custodian. Clients should compare any quarterly statements they receive from the custodian with those received from the Adviser and contact the Adviser immediately if any discrepancies are detected or if they have any concerns.

#### **Item 16. Investment Discretion**

Typically, the Adviser provides investment advisory services on a discretionary basis to clients.

Prior to assuming discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The portfolio managers may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (generally based on the value of the order size), these factors may lead a portfolio manager to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on an equitable basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type divided by the total assets of all accounts eligible to invest in the particular investment.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that clients are treated fairly. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

#### **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Mark S. Doman by email: [mark@domangroup.com](mailto:mark@domangroup.com) or by telephone: 212-991-8106.

If the Adviser receives proxies related to a client's securities and the Adviser is not responsible for voting such proxies, the Adviser shall make arrangements with the client's custodian or take such other steps to ensure that the client timely receives such proxies. Unless the power to vote proxies for a client is reserved to that client (or in the case of an

employee benefit plan, the plan's trustee or other fiduciaries), the Adviser is responsible for voting the proxies related to that account. With respect to any questions about a particular situation, clients can contact Mark S. Doman by email at [mark@domangroup.com](mailto:mark@domangroup.com), or by telephone at 212-991-8106.

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

The Doman Group has no reportable financial information.