



PETTINGA

FINANCIAL ADVISORS

Firm Brochure

March 31, 2021

This Firm Brochure provides information about the qualifications and business practices of Pettinga Financial Advisors, LLC ("Pettinga," "we" or the "Firm"). If you have any questions about the contents of this Form ADV 2A brochure ("Firm Brochure"), please contact our Chief Compliance Officer, Tonya F. Borders, at 812.436.4000. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Pettinga is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training.

Additional information about Pettinga is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by firm name or by a unique identifying number, known as a CRD number. The CRD number for Pettinga is 156369.

Item 2 – Material Changes

SEC-registered investment advisers are required, within 120 days of the close of the advisor's fiscal year end, to provide their clients with a summary of any material changes to their Firm Brochure since the most recent prior annual updating amendment and offer to provide the entire Firm Brochure free of charge.

The following is a summary of the material changes made to this Firm Brochure since our last annual updating amendment, dated May 1, 2020:

- We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Client Solutions ("FCS"). FCS does not receive any compensation from such third-party institutions from serving our clients. Further information on this conflict of interest is available in Items 4, 5, and 10 of this Firm Brochure.

Clients are encouraged to review this Firm Brochure in its entirety. A free copy of Pettinga's Firm Brochure may be requested at any time by contacting our Chief Compliance Officer, Tonya F. Borders, at 812.436.4000. Additional information about Pettinga is available via the SEC's website at www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Pettinga is an investment advisor registered with the SEC and is a successor to Pettinga Financial Advisors, Inc., which was first registered with the SEC in 1994. Pettinga succeeded to the business of Pettinga Financial Advisors, Inc. on December 31, 2010.

Assets Under Management

As of December 31, 2020, Pettinga managed \$925,770,472 of client assets on a discretionary basis and \$18,131,673 on a non-discretionary basis.

Focus Financial Partners, LLC

Pettinga is part of the Focus Financial Partners, LLC ("Focus LLC") partnership. Specifically, Pettinga is a wholly owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly owned subsidiary of Focus LLC. Focus Financial Partners Inc. ("Focus Inc.") is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2020, investment vehicles affiliated with Stone Point Capital, LLC ("Stone Point") had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of eight directors on the Focus Inc. Board. As of the end of 2020, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. ("KKR") had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of eight directors on the Focus Inc. Board. In the first quarter of 2021, Focus Inc. conducted a follow-on offering through which Stone Point reduced its ownership interest under 25% and KKR also reduced its ownership interest.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

Investment Management Services

Pettinga provides investment management services to clients who are primarily high net worth individuals and other individuals, as well as trusts, estates, pension and profit-sharing plans, charitable organizations and foundations, and businesses. Services are typically provided on a discretionary basis; however, the Firm's financial advisors work with clients on a non-discretionary basis if requested.

Each client works with a specific financial advisor who seeks to understand the individual client's goals, objectives, time horizon, risk tolerance and tax position then allocates the client's investment portfolio among various asset classes based on their understanding of these factors.

The Firm's financial advisors manage customized investment portfolios for some clients. In these instances, advisors typically invest client accounts in mutual funds and exchange traded funds. Other investment types, such as (but not limited to) investment grade fixed income securities, limited partnerships or other alternative investments, covered calls, third-party separate account managers and individual stocks, are used if the financial advisor and client agree that the asset or investment is appropriate for the client.

For other clients, the Firm's financial advisors utilize model portfolios. The development and maintenance of these models is materially supported by BlackRock Fund Advisors and/or its affiliates, including BlackRock Investments, LLC (collectively "BlackRock"), which provides the Firm with investment research, model recommendations and marketing support at no cost. Research and recommendations provided by BlackRock to Pettinga predominantly favor the use of iShares ETFs, which are distributed by BlackRock. While Pettinga is under no obligation to utilize iShares ETFs in the management of the models, such models will predominantly and sometimes exclusively utilize iShares ETFs in their construction. Further information on this conflict of interest is available in Item 10 of this Firm Brochure.

Financial Planning Services

Pettinga also offers financial planning services to clients. Basic financial planning services are included in the investment management services we offer to clients, for clients who are interested in the service. We offer more intensive or complex financial planning services for a separate fee. The objective of our financial planning is to review and analyze a client's personal financial situation, prepare a comprehensive financial planning report, and make recommendations for implementing the financial plan. Our analysis and recommendations are based on information provided by the client.

The initial phase of our financial planning process involves accumulating and organizing facts about a client's financial status, identifying specific goals and objectives, and agreeing upon planning assumptions. The typical areas of discussion include (but are not limited to) retirement planning, estate planning, life insurance planning, college funding, and investment allocation analysis. After information is received, the data is analyzed and projections are made. We then meet with the client to review their comprehensive financial planning report which contains recommendations in all relevant areas of their financial situation. If necessary, the report is amended to reflect changes or alternative courses of action.

Clients are responsible for all decisions regarding implementation of the recommendations. The methods clients choose for implementing their financial planning recommendations are at their discretion. Pettinga is available to assist clients with implementation of their chosen strategies or to coordinate implementation with other financial professionals of the client's choosing.

ERISA Plan Services

Pettinga provides investment management and investment advisory services to retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including participant-directed defined contribution plans, such as 401(k) plans and defined contribution plans that are not participant-directed ("ERISA Plan Clients"). Each ERISA Plan Client is required to enter into an investment management or investment advisory agreement with

Pettinga describing the services that Pettinga will perform for the ERISA plan and its participants. Pettinga provides both ERISA fiduciary services and non-fiduciary services to ERISA Plan Clients.

ERISA Plan Fiduciary Services: Pettinga provides fiduciary services either as a discretionary investment manager or a non-discretionary investment advisor.

- *ERISA Plan Investment Management Services:* Pettinga provides investment management services to ERISA Plan Clients on a discretionary basis as an investment manager under ERISA Section 3(38) and in that capacity, Pettinga's investment decisions are made in its sole discretion with the ERISA Plan Client's prior approval. Each ERISA Plan Client who engages Pettinga to perform investment management services is required to enter into an investment management agreement.

For participant-directed ERISA Plans, Pettinga's investment management services include selecting a broad range of investment options consistent with ERISA Section 404(c), making decisions about the selection, retention, removal and/or addition of investment options and if the ERISA Plan Client has determined that the Plan should have a qualified default investment alternative (a "QDIA") for participants who fail to make an investment election, selecting the investment that will serve as a QDIA. For ERISA Plan Clients that are not participant-directed, Pettinga's investment management services include developing asset allocations and portfolio modeling, selecting investments to populate the asset allocation categories, rebalancing and making changes to the asset allocations and investment when appropriate.

- *ERISA Plan Investment Advisory Services:* Pettinga also provides investment advisory services on a non-discretionary basis for participant-directed plans and in that capacity, the ERISA Plan Client retains, and exercises, final decision-making authority and responsibility for the implementation (or rejection) of Pettinga's recommendations or advice. Each ERISA Plan Client who engages Pettinga to perform non-discretionary investment advisory services is required to enter into an investment advisory agreement.

Pettinga's non-discretionary advisory services for participant-directed plans include assisting the ERISA Plan Client in selecting a broad range of investment options consistent with ERISA Section 404(c), assisting the ERISA Plan Client in making decisions about the selection, retention, removal and/or addition of investment options, and if the ERISA Plan Client has determined that the plan should have a QDIA for participants who fail to make an investment election, assisting in the selection of the investment that will serve as the QDIA. Pettinga also provides asset allocation services that enable participants to allocate the money in their plan account among the plan's designated investment alternatives. The asset allocation service is not an investment itself, but instead a service to help participants to decide how to invest their plan account.

ERISA Plan Non-Fiduciary Services: Pettinga's non-fiduciary services to ERISA Plan Clients include assisting in group enrollment meetings, educating plan participants about general investment principles and in the case of participant-directed plans, educating participants about the investment options available under the plan.

Retirement Account Clients/Potential for Conflict of Interest: Pettinga is a fiduciary under ERISA with respect to investment management services and investment advice provided to ERISA Clients, including ERISA plan participants. Pettinga is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRA owners and IRAs. As such, Pettinga is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption. A conflict of interest arises and the prohibited transaction rules are implicated when Pettinga provides fiduciary advice about plan distributions and rollovers if it results in Pettinga receiving compensation that it would not have received absent the advice. Pettinga mitigates this conflict by acting in the best interest of the client in compliance with the impartial conduct standards described in the Department of Labor's ("DOLs") current non-enforcement policy and once an applicable prohibited transaction exemption is finalized by the DOL, Pettinga will satisfy the conditions of that exemption.

No client is under any obligation to roll over ERISA plan or IRA assets to an account advised or managed by Pettinga.

Focus Client Solutions

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, FCS, a wholly owned subsidiary of our parent company, Focus LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

Client Obligations

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

When performing requested services, Pettinga will not be required to verify any information received from the client or from the client's other professionals. The Firm is expressly authorized to rely on such information.

No Legal or Accounting Advice

While employees of Pettinga may be licensed attorneys or accountants, the Firm does not provide any legal or accounting advice. Clients should seek the counsel of a qualified attorney and/or accountant when necessary.

Item 5 – Fees and Compensation

Investment Management Service Fees

Investment management service fees are typically in the form of a percentage of assets for which Pettinga has responsibility. Currently, fees are charged according to the following schedule:

First	\$1,000,000.....	1.00%
Next	\$2,000,000.....	0.80%
Next	\$2,000,000.....	0.60%
Over	\$5,000,000.....	0.40%

In certain circumstances, the Firm will elect to charge a flat fee. Each client's specific fee schedule is identified in the written agreement between Pettinga and the client.

Although Pettinga has established the aforementioned fee schedule, the Firm retains discretion to negotiate an alternative fee schedule on a client-by-client basis. Specific facts and circumstances such as the complexity of assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, and account composition, among other factors are considered. Also, investment management service fees are waived for Pettinga employees and are often waived or discounted for certain family members or friends of employees.

Clients are billed in arrears each calendar quarter based on the account value as of the last day of the quarter as determined by third-party sources. Cash and cash equivalents are included in the account value for billing purposes, unless we determine otherwise, in our sole discretion. Clients may elect to be invoiced or may authorize the Firm to directly debit fees from their accounts. Regardless, we strongly recommend that all clients verify the accuracy of their fee calculation by reviewing their custodian statement(s). At times, related client accounts may be grouped together for purposes of calculating the fee. Client relationships initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of a client relationship, all earned but unpaid fees will be due and payable.

In addition to Pettinga's fees, clients are responsible for fees and expenses associated with the investment of their assets, such as brokerage commissions, transaction fees, and other expenses and charges imposed by custodians and broker-dealers who service client accounts. Clients are additionally responsible for the fees and expenses of mutual funds and exchange traded funds, as well as third-party separate account managers. Such fees, expenses, commissions and charges are exclusive of and in addition to Pettinga's fee. Item 12 of this Firm Brochure contains additional information regarding brokerage practices.

Financial Planning Service Fees

As discussed in Item 4 above, Pettinga offers basic financial planning services at no additional charge to our investment management clients. More complex or intensive financial planning services are offered for a separate fee. For those clients who are charged a separate financial planning fee, the fee is fully disclosed in the client's financial planning engagement letter and the client is invoiced as agreed upon.

Additional fees may be incurred if Pettinga is engaged by the client to assist with implementation of the financial planning recommendations. These additional fees will be agreed upon by Pettinga and the client, and they will be based upon the scope of the project.

ERISA Plan Service Fees

As a fiduciary to ERISA Plan Clients, Pettinga is subject to specific duties and obligations under ERISA and the IRC that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Pettinga only charges fees for investment advice about products for which Pettinga does not receive any commission, 12b-1 fees, or other compensation.

Investment management or investment advisory fees for Pettinga's ERISA plan services are typically in the form of a percentage of included plan assets. Currently, fees are charged according to the following schedule:

First	\$1,000,000.....	1.00%
Next	\$2,000,000.....	0.80%
Next	\$2,000,000.....	0.60%
Over	\$5,000,000.....	0.40%

In certain circumstances, the Firm will elect to charge a flat fee. Each client's specific fee schedule is identified in their investment management or investment advisory agreement.

Although Pettinga has established the aforementioned fee schedule, we retain discretion to negotiate an alternative fee schedule on a client-by-client basis. Specific facts and circumstances such as the complexity of assets in the plan, anticipated future additional assets, related accounts, portfolio style, and account composition, among other factors are considered.

Clients are billed in arrears each calendar quarter based on the market value of the included plan assets as of the last day of the quarter as determined by third-party sources. Included plan assets are the plan assets for which Pettinga provides services as described in the investment management or investment advisory agreement. Cash and cash equivalents are included in the value of plan assets for billing purposes. The ERISA plan is obligated to pay Pettinga's fee. As agreed to under the investment management or investment advisory agreement between Pettinga and the ERISA Plan Client, the ERISA Plan Client may authorize the plan custodian to automatically deduct the fee from the plan account(s) or the plan sponsor of the ERISA Plan Client may choose to pay the fee. Regardless, we strongly recommend that all clients verify the accuracy of their fee calculation by reviewing their custodian statement(s). ERISA Plan Client relationships initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of an ERISA Plan Client relationship, all earned but unpaid fees will be due and payable.

In addition to Pettinga's fees, ERISA Plan Client accounts are responsible for fees and expenses associated with the investment of their assets, such as brokerage commissions, transaction fees, and other expenses and charges imposed by custodians and broker-dealers who service the accounts. ERISA Plan Client accounts are additionally responsible for the fees and expenses of mutual funds and exchange traded funds, as well as third-party separate account managers. Such fees, expenses, commissions, and charges are exclusive of and in addition to Pettinga's fee. Item 12 of this Firm Brochure contains additional information regarding brokerage practices.

Focus Client Solutions Fees

As noted above in response to Item 4, we offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, FCS. FCS does not receive any compensation from such third-party institutions from serving our clients. Further information on this conflict of interest is available in Item 10 of this Firm Brochure.

Item 6 – Performance-Based Fees and Side-By-Side Management

Pettinga does not charge or accept any performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

Pettinga provides services to individuals, trusts, estates, pension and profit-sharing plans, charitable organizations and foundations, and businesses. The Firm does not have a formal account minimum but retains discretion to decline to engage any client whose portfolio or goals are not a fit for the Firm.

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

Methods of Analysis and Investment Strategies

Pettinga's financial advisors tailor their investment management services to the needs of their clients. They seek to understand each individual client's goals, objectives, time horizon, risk tolerance and tax position then allocate the client's investment portfolio among various asset classes based on their understanding of these factors.

Due to the individualized nature of each client relationship, client portfolios may or may not hold the same securities. Purchases and sales of securities are based on a variety of factors including (but not limited to) client cash needs, tax implications, client preference, other holdings, and market fluctuation. Moreover, the individualized nature of our advice to clients could result in inconsistent recommendations to our clients. For example, we could purchase a security on behalf of some clients while selling the same security on behalf of other clients.

The Firm's financial advisors manage customized investment portfolios for some clients. In these instances, advisors typically invest client accounts in mutual funds and exchange traded funds. They review the experience and track record of the manager of the mutual fund or exchange traded fund in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. They also review the underlying assets in a mutual fund or exchange traded fund in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. They monitor the mutual funds and exchange traded funds being used in client accounts in an attempt to confirm the continuing appropriateness of the investments. At the same time, Pettinga's financial advisors monitor prospective investments for possible addition to client accounts. They utilize various products to aid in this analysis, which is done both independently and in groups.

Other investment types, such as (but not limited to) investment grade fixed income securities, limited partnerships or other alternative investments, covered calls, third-party separate account managers and individual stocks, are used if the financial advisor and client agree that the asset or investment is appropriate for the client.

For other clients, the Firm's financial advisors utilize model portfolios. The development and maintenance of these models is materially supported by BlackRock, which provides the Firm with investment research, model recommendations and marketing support at no cost. Research and recommendations provided by BlackRock to Pettinga predominantly favor the use of iShares ETFs, which are distributed by BlackRock. While Pettinga is under no obligation to utilize iShares ETFs in the management of the models, such models will predominantly and sometimes exclusively utilize iShares ETFs in their construction. Further information on this conflict of interest is available in Item 10 of this Firm Brochure.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Different investments involve varying types and varying degrees of risk.

All investments present the risk of loss of principal – the risk that the value of securities, when sold or otherwise disposed of, may be less than the price paid for the securities. Even if the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and exchange traded funds utilized by Pettinga may include underlying investments in domestic and international equities, real estate investment trusts, corporate and government fixed income securities and commodities, among other security types. Each of these security types presents various risks, including (but not limited to) the following:

- Equity securities may decline in value if the issuer's financial condition declines or in response to overall market and economic conditions.
- Equity investments in a concentrated market segment, such as large cap, mid cap or small cap, or an investment's tilt towards growth or value, may underperform other market segments or the equity markets as a whole.
- Equity investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.
- Investing outside the United States involves risks such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.
- Fixed income securities are subject to interest rate risk and credit quality risk. Inflation is also a concern, as the market value of fixed income securities generally declines when interest rates rise.
- An issuer of fixed income securities could default on its payment obligations thereby diminishing the value of the investment.

- Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.
- A mutual fund's or exchange traded fund's selection and weighting of asset classes and/or underlying funds may cause it to underperform other funds with a similar investment objective.

Investing in alternative investments is speculative, not suitable for all clients, and generally intended for experienced and sophisticated investors who are willing and able to bear the high economic risks of the investment. Investors should carefully read the related prospectus or offering memorandum, which will contain the information needed to help evaluate the potential investment and provide important disclosures regarding risks, fees and expenses.

Alternative investments, including hedge funds and funds that invest in alternative investments, often employ leverage and other speculative practices that increase an investor's risk of loss to include complete loss of investment, often charge high fees, and can be highly illiquid and volatile. Alternative investments may lack diversification, involve complex tax structures, and delay in reporting important tax information may occur. Registered and unregistered alternative investments are not subject to the same regulatory requirements as mutual funds.

Clients should not assume that future performance of any specific investment, including those recommended or undertaken by Pettinga, will be profitable or equal specific performance levels.

Cybersecurity Risks

The computer systems, networks and devices used by Pettinga and service providers to the Firm and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, and security breaches. Despite the various protections utilized, systems, network, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by the Firm and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and

other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Item 9 – Disciplinary Information

As a registered investment advisor, Pettinga is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our business or the integrity of our management personnel. Both Pettinga and its management personnel have no reportable legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Stone Point and KKR

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because Pettinga is an indirect, wholly owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of Pettinga. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

Pettinga does not believe that the Focus LLC Partnership presents a conflict of interest with our clients. In addition, Pettinga has no business relationship with other Focus Partners that is material to its advisory business or its clients.

BlackRock

As noted above in response to Item 4, Pettinga's financial advisors utilize model portfolios for some clients. The development and maintenance of these models is materially supported by BlackRock which provides the Firm with investment research, model recommendations and marketing support at no cost. This creates a conflict of interest for Pettinga because the receipt of these benefits reduces Pettinga's operating costs, which, in turn, creates an incentive for Pettinga to recommend and/or use iShares ETFs and/or other BlackRock products in the investment management of client accounts. BlackRock does not provide and is not responsible for providing investment advice to clients of Pettinga, does not participate in or make any investment decisions on behalf of Pettinga or clients of Pettinga, does not endorse any investment decisions or recommendations made by Pettinga or its financial advisors, and has no obligation to continue to provide Pettinga with investment models. In addition to investment research, models and/or technology, BlackRock provides discounted or free attendance to conferences, meetings and other educational or social events. Clients should be aware that the receipt of these benefits also creates a conflict of interest for Pettinga as it creates another incentive for Pettinga to recommend the use of iShares ETFs and/or other BlackRock products in the investment management of client accounts. We mitigate these conflicts by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Firm Brochure; and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of investment products associated with BlackRock.

Focus Client Solutions

As noted above in response to Item 4 and Item 5, Pettinga offers clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, FCS, a wholly owned subsidiary of our parent company, Focus LLC. These third-party financial institutions are banks and non-banks (the "Network Institutions") which offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FCS's cash management solutions. FCS acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

FCS receives a portion of the revenue earned by the Network Institutions from providing services to the clients of some of our affiliates. Such fees are also revenue for our common parent company, Focus LLC. Although FCS does not receive any compensation from Network Institutions from serving our clients, the volume generated by our clients' transactions benefits FCS and Focus LLC in attracting, retaining, and negotiating with Network Institutions. Accordingly, for those reasons, we have a conflict of interest when recommending FCS's services to clients. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Firm Brochure; and (2) offering FCS solutions to clients on a strictly non-discretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FCS's services will receive robust product-specific disclosure from the Network Providers and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend FCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

FCS Credit Solutions: For FCS credit solutions, the interest rate of the loan is ultimately dictated by the lender, although in some circumstances FCS may have the ability to influence the lender to lower the interest rate of the loan within certain parameters. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FCS program. Because of the limited number of participating Network Institutions and FCS's financial arrangements with those institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans

and require repayment with a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in assets sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the fees that clients pay Pettinga for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

FCS Cash Management Solutions: For FCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to clients' accounts. Engaging FCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and Pettinga. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

Item 11 – Code of Ethics

Pettinga has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Pettinga's Code of Ethics describes the Firm's fiduciary duties and responsibilities to clients and sets forth Pettinga's practice of supervising the personal securities transactions of employees with access to client information. Firm employees may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the expressed policy of Pettinga that no person employed by the Firm shall prefer his or her own interest to that of a client or make personal investment decisions based on investment decisions of clients.

When a Pettinga employee buys or sells securities that the firm recommends to clients, a potential conflict of interest exists. Pettinga's Code of Ethics is designed to address these potential

conflicts, among other things, by requiring the Firm's personnel to report their personal securities holdings and transactions to the Firm for compliance review.

Pettinga's Code of Ethics additionally prohibits the misuse of material non-public information and requires protecting the confidentiality of client information. Pettinga requires that all employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any employee not in observance of the above may be subject to discipline or termination.

Pettinga is happy to provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Item 12 – Brokerage Practices

Custodians and Broker-Dealers

Pettinga routinely recommends that clients custody their assets with Charles Schwab & Co ("Schwab") or Fidelity Investments ("Fidelity") (collectively, the "Custodian/BDs").

These Custodian/BDs provide custody of securities, trade execution, and clearance and settlement of transactions placed by Pettinga. They hold clients' assets in a brokerage account and buy and sell securities when they are instructed to. In deciding to recommend specific Custodian/BDs, factors that Pettinga considers include but are not limited to:

- Trade order execution and the ability to provide accurate and timely execution of trades;
- The reasonableness and competitiveness of commissions and other transaction costs;
- Access to a broad range of investment products;
- Access to trading desks;
- A dedicated service or back office team and its ability to process requests on behalf of its clients;
- Ability to provide Pettinga with access to client account information through an institutional website; and
- Ability to provide clients with electronic access to account information and investment research tools.

The Custodian/BDs make available to Pettinga, without cost, products and services, some of which assist Pettinga in managing and administering clients' accounts. This includes access to research, mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. It also includes software and other technology that provides access to client account data (such as trade confirmations and account statements), pricing information and other market data, facilitates trade execution and payment of Pettinga's fee from its clients' accounts, and assists with back-office support, recordkeeping and client reporting.

The Custodian/BDs also provide Pettinga with other services intended to help Pettinga manage and further develop its business enterprise. These services include consulting, publications and

presentations on practice management, information technology, business succession, regulatory compliance, and marketing.

The foregoing products and services provided by the Custodian/BDs are a benefit to Pettinga, because Pettinga does not have to pay for them. The products and services are not earned through the execution of client securities transactions (e.g., they are not "soft dollars"). As part of its fiduciary duty to clients, Pettinga strives at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Pettinga in and of itself creates a potential conflict of interest and may indirectly influence Pettinga's recommendation and use of specific custodians and broker-dealers.

Additional information regarding benefits provided by the Custodian/BDs is provided in response to Item 14.

Custody and Brokerage Costs

If a client selects one of the Custodian/BDs recommended and used by Pettinga, the Firm has a duty of best execution which includes a duty to seek favorable commission rates and the best overall value for the client when placing trades and must consider cost, quality, timeliness, etc. However, if a client does not select one of the Custodian/BDs recommended and used by Pettinga, it should be understood that the Firm will not have authority to negotiate commissions among various custodians and broker-dealers or obtain volume discounts, and best execution may not be achieved. In addition, differences in commission charges may exist between clients.

Clients of Pettinga who choose Schwab or Fidelity as their Custodian/BD:

- pay commissions and/or transaction fees, as is customary, when stocks, bonds, mutual funds, exchange traded funds, etc. are bought or sold through Schwab or Fidelity;
- do not "pay up" for these services, as Pettinga does not accept soft dollar payments; and
- are not charged separately for custody services.

Trade Aggregation

Under most circumstances, Pettinga does not aggregate client trades with those of another client due to the individual nature of Pettinga's advice and client account management. In addition, it is the Firm's policy to not aggregate transactions for a proprietary or employee account with client transactions. Aggregating trades can be attractive, as it can lead to more favorable transaction prices and/or commission rates. Thus, it is important to note that not participating in aggregation may lead to varied transaction prices (e.g. two clients purchasing the same security on the same day may pay a different price per share as the trades may be placed at different times) and/or higher execution charges.

Trade Errors

If a trade is submitted erroneously at Schwab or Fidelity, a correcting trade is be placed on behalf of the client. Clients are not responsible for any losses relating to a trade error. If an investment gain results from the correcting trade, the gain will be treated in accordance with the policies of the account custodian and/or broker-dealer.

Trade errors for accounts in custody at Schwab are processed individually. Gains of \$100 or more are donated to a charity selected by Schwab. De minimis gains under \$100 are kept by Schwab to minimize and offset its own administrative time and expense to process trade errors. If a loss of \$100 or greater occurs, Schwab will notify Pettinga and send an invoice for payment. For de minimis losses of less than \$100, Schwab will bear the loss to avoid its own additional expense and burden of processing small errors. Trade errors for accounts in custody at Fidelity are aggregated in Pettinga's Fidelity Trade Error Account. At the end of each quarter, gains and losses are netted against each other. If the result is a net gain, the amount is donated to a charity selected by Fidelity. If the amount is a net loss, the Firm is responsible for covering the debit.

Item 13 – Review of Accounts

Data Reconciliation

Each morning, a contracted third-party downloads data points directly from each Custodian/BD into Pettinga's portfolio accounting system. The data points downloaded include account details, holdings, prices and transactions. Various reviews are performed, some by the third-party and others by Pettinga personnel, with the goal of reconciling each account each day but no less than each month-end.

Account Review

The Firm's review process includes assessing client goals and objectives, evaluating the employed strategy, monitoring the portfolio, and addressing the need to rebalance. Client accounts are reviewed at least annually. Additional account reviews may be triggered by a variety of events, including but not limited to specific client requests, changes in client goals and objectives, imbalances in portfolio asset allocation, market/economic conditions, and tax loss harvesting.

Review of Underlying Securities

Underlying securities within Pettinga's discretionary client accounts are regularly monitored by the client's financial advisor who is responsible for the day-to-day management of the portfolio. It is the financial advisor who ultimately determines the types and particular securities to buy, sell or hold on behalf of each client account. In addition to performing his or her own research and analysis, the firm's financial advisors look to Pettinga's Investment Committee ("IC") for input. The IC is led by the Chief Investment Officer and all other financial advisors are members. The IC may invite contributions from other employees of the firm and/or enlist the services of the Chief Compliance Officer. The IC meets at least quarterly, or more frequently as necessary, to conduct and review fundamental analysis on both securities currently being used in client accounts and securities being considered for use. The analysis and methodology of review varies depending on the security under review.

Client Reports

Pettinga clients receive confirmations of transactions and no less than quarterly statements directly from their account's custodian. In addition, the Firm provides asset allocation and holdings reports at least annually; these reports may also include performance data. For purposes of report preparation, a client's accounts may be grouped into households. A household may include only one account, or it may include multiple accounts. Standard client reports are

produced from the portfolio accounting system on a monthly basis; other reports are produced ad-hoc and may be manually prepared or system generated.

Client Meetings

Clients are urged to schedule and attend meetings with their financial advisor. Pettinga understands that some clients prefer to meet more often, and others prefer to meet less often. In addition, the Firm understands that some clients prefer face-to-face meetings while others prefer conference calls. Regardless, Pettinga's financial advisors consider these meetings to be an integral part of the relationship as they are an opportunity to review details, discuss progress in achieving goals, and determine if goals or plans should be adjusted.

Item 14 – Client Referrals and Other Compensation

Client Referrals

Pettinga does not have any referral compensation arrangements.

Other Compensation

As noted in Item 12 of this Firm Brochure, Pettinga currently participates in the advisor platforms offered by both Schwab and Fidelity. As such, both Schwab and Fidelity provide Pettinga with access to its institutional trading and operations services, which are typically not available to retail investors. These services are generally available to independent investment advisors at no charge to them so long as a minimum dollar amount of client assets is maintained with the custodian. Pettinga maintains sufficient assets at both Schwab and Fidelity so that any fee those firms might assess an independent investment advisor for use of their services is waived, which is an economic benefit to Pettinga.

As noted in Item 4 of this Firm Brochure, Pettinga's parent company is Focus Financial Partners LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Pettinga, other Focus Partners and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus Partners, including Pettinga. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus Partners, including Pettinga. Although the participation of Focus Partners personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conference could cause Pettinga to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Pettinga. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

No entities have provided conference sponsorship to Focus in the last year.

Item 15 – Custody

Pettinga has legal custody over client accounts in several respects: when clients authorize the Firm to debit fees from their accounts, when Firm personnel serve as trustee over client accounts, when the Firm has password access to certain client accounts, and due to standing letters of authorization ("SLOAs") permitting the Firm to direct transfers to third parties. We are required by the custody rule to obtain a surprise examination for some instances where we have legal custody, while in other circumstances (such as fee debit) a surprise examination is not required or (with regard to SLOAs) we rely on SEC no-action relief from the surprise examination requirement.

All client funds and securities are required to be held with an independent, qualified custodian. Clients receive at least quarterly statements from the custodian that holds and maintains their investment assets. We urge our clients to carefully compare official custodial records to the reports provided by Pettinga. Pettinga's reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients are urged to contact Pettinga's Chief Compliance Officer, Tonya F. Borders, at 812.436.4000 to discuss any discrepancies noted.

Item 16 – Investment Discretion

Pettinga's investment management services are primarily provided on a discretionary basis. In these cases, clients have granted Pettinga the authority to place trades (i.e. determine the securities and amount of the securities to be bought or sold in a client's account) without obtaining client consent prior to the transaction through a limited power of attorney in their client agreement with us.

Item 17 – Voting Client Securities

Pettinga's policy is to not vote proxies for clients. Thus, clients will receive applicable proxies directly from the issuer of securities held in their investment portfolios.

Item 18 – Financial Information

As a registered investment advisor, Pettinga is required to provide certain financial information or disclosures about the Firm's financial condition. Pettinga has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.