

**Cover Page - Item 1**

**Cedrus LLC**

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**Form ADV Part 2A Brochure**

Cedrus LLC is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Cedrus LLC. If you have any questions about the contents of this brochure, please contact us at (303) 359-8883. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cedrus LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure. This is our firm's first brochure; therefore, we have not made any material changes.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (303) 359-8883.

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#### **Advisory Business - Item 4**

##### **Introduction**

Cedrus LLC, (hereinafter "Cedrus") is a registered investment advisor based in Littleton, Colorado. We are a limited liability company organized under the laws of the State of Colorado. We have been providing investment advisory services since 2021. John Alexander Scott, III is the principal owner and Chief Compliance Officer of Cedrus.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

Currently, we offer the following investment advisory services, personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**

##### **Portfolio Management Services**

Cedrus offers discretionary and non discretionary portfolio management services. Discretionary management means that we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and help you decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals.

Cedrus primarily uses the following types of securities in its portfolio management programs: domestic and foreign equity securities; exchange traded funds; investment company products; corporate securities; municipal securities and U.S. government securities. Cedrus may also advise Clients on any other type of investment deemed appropriate based upon stated goals and objectives. Cedrus may also provide advice on any type of investment held in a Client's portfolio at the inception of the advisory relationship or on any investment for which the Client requests advice.

##### ***Selection of Sub-Advisors***

As part of our overall portfolio management strategy, we may use one or more sub-advisors to manage all or a portion of your account. Currently, we utilize the Managed Accounts Program and the GoalLink Program developed by SEI Investments Management Corporation ("SIMC"). We may also use third party investment advisers that are listed on Schwab's custodial platform. All sub-advisors recommended by our firm must either be registered as investment advisors or exempt from registration requirements. Factors that we take into consideration when making our recommendations include, but are not limited to, the following: the sub-advisor's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We continuously monitor the performance of any accounts managed by the sub-adviser and assume discretionary authority to hire or fire the sub adviser where such action is deemed to be in the best interest of the Client. The sub-advisor(s) may use one or more of their own model portfolios to manage your account. You will be required to sign an individual agreement with the sub-advisor or a tri party agreement with the sub-advisor and Cedrus. Cedrus will not share in the fees charged by the sub-advisor.

However we construct your investment portfolio, we will monitor your portfolio's performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

We recommend that you review the statement(s) you receive from the qualified custodian for accuracy. Please call our main office number, located on the cover page of this brochure, if you have any questions about your statements or if you notice any inaccuracies.

### **Financial Planning Services**

We offer broad-based financial planning, which includes a variety of services, mainly advisory in nature, regarding management of financial resources. Such management is based upon an analysis of the client's individual needs and begins with an initial consultation. Once we collect and analyze all documentation, we provide a financial plan designed to achieve the client's financial goals and objectives. The plan may be delivered in writing, or in the form of one or more meeting or telephone consultations. In this way, Cedrus assists the client in developing a strategy for the successful management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following, along with any other investment related topic that the client would like to discuss:

- Retirement Planning and Cash Flow Analysis – Cedrus analyzes the Client's current and future cash flow in order to determine whether lifetime capital needs will be met. Additionally, the firm reviews the beneficiary designations on Client qualified plans and individual retirement accounts, and formulates distribution plans from such accounts.
- Income and Estate Tax Minimization – Cedrus explores ways to reduce the Client's income tax liability, including alternative minimum tax planning, and devises strategies to minimize and possibly eliminate future estate tax liability.
- Estate Planning – Cedrus reviews the overall distribution plan contained in wills, trusts and related documents, assists the Client in designating executors and/or trustees, titling of assets, gifting strategies, charitable planning, and the use of various types of trusts to promote estate planning and wealth transfer objectives.
- Insurance Planning – Cedrus analyzes the cost effectiveness and adequacy of various types of insurance coverage from a risk management standpoint, and explores ways that insurance can be tactically used as a tax efficient vehicle to transfer wealth as part of an estate plan.
- Stock Options/ Rule 144 Stock – Cedrus reviews the Client's current positions and explores various strategies for the timing of exercising of both non-qualified and incentive stock options, taking into account funding and tax considerations, and strategies for restricted stock grants.
- Business Succession Planning – Cedrus formulates a plan to sell/transfer the Client's business to family members, company insiders or a third-party purchaser, focusing on management transition, funding, and estate tax issues.
- Charitable Planning – Cedrus helps Clients optimize the tax benefits of charitable gifting during life and after death, utilizing charitable trusts, donor advised funds and private foundations.
- Asset Protection – Cedrus conducts risk assessment reviews of liquid and illiquid Client assets.

The recommendations and solutions are designed to achieve the desired goals subject to periodic evaluation of the financial plan, which may require revision to meet changing circumstances. Financial plans are based on a client's financial situation based on the information provided to the firm. We should be notified promptly of any change to a client's financial situation, goals, objectives, or needs. Clients are advised that certain assumptions are made with respect to interest and inflation rates, as well as past trends, historical market performance, and the economy. Past performance is in no way an indication of future results. Cedrus cannot offer any guarantees or promises that the Client's financial goals and objectives will be fully met.

Our assessment or analysis may be provided in segments after one or more working sessions with the Client. Cedrus also meets periodically with the Client, upon request, or on an as needed basis, as determined by Cedrus, to discuss the Client's strategy and implement it by providing one or more of the portfolio management services

described above.

**Important Note:**

Information related to legal or tax matters that is provided as part of our services is for informative purposes only. Clients are instructed to contact their attorneys or tax professionals for legal or tax services.

**Wrap Fee Programs**

We do not sponsor or manage wrap fee programs.

**Assets Under Management**

Since we are a newly formed investment adviser, we do not have any discretionary or non discretionary assets under management.

**Fees and Compensation - Item 5**

**Portfolio Management Services Fees**

For portfolio management services, Cedrus charges an annual fee based upon a percentage of the market value of the assets being managed. Our fee for portfolio/asset management services is set forth in the following blended fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$1,000,000	1.20%
Next \$2,000,000	0.80%
Next \$3,000,000	0.60%
Over \$6,000,000	0.45%

Cedrus allows related accounts to be combined for fee paying purposes. We combine the account valuations to assist you in meeting fee breakpoints and therefore lowering the overall fee level. Cedrus extends this option to all accounts residing in the same household and certain members of the same family. At the inception of investment management services, the first quarter's fees will be calculated on a pro-rata basis

Clients invested in the Managed Accounts Program and the GoalLink Program developed by SEI Investments Management Corporation ("SIMC"), are required to custody accounts with SEI Trust Company. Portfolio management fees for assets custodied at SEI Trust Company are billed quarterly, in arrears, and are based on the value of your portfolio at the end of the preceding quarter. SEI Trust Company, the custodian holding client accounts, calculates and deducts advisory fees through the authority granted by the Client in the account opening agreement with SEI Trust Company and forwards such fees to Cedrus. Cedrus does not participate in the advisory fee calculation and deduction process. SEI Trust Company sends an account statement to all Clients on at least a quarterly basis. This statement will detail all account activity. Clients are encouraged to review their account statements to verify the accuracy of all information.

Portfolio management fees for assets custodied at Charles Schwab & Co., Inc. (Schwab) are billed quarterly, in arrears, and are based on the average daily balance of the portfolio during the quarter. Clients are required to give Schwab written authorization to allow Cedrus to calculate and to instruct Schwab to deduct the fee. Schwab will send an account statement at least quarterly. This statement will detail all account activity. Fees may be deducted from a single designated client account to facilitate billing.

In limited circumstances, at the sole discretion of Cedrus, we may agree to invoice you directly for our advisory fee or we may negotiate other fee payment arrangements. The exact fee paid by the clients will be clearly set forth in the advisory agreement signed by the firm and the client.

Our annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the Client. However, we will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs. The fees charged by sub-advisors for the management of portions of your portfolio are separate and distinct from our fees. Sub-advisors debit their fees directly from your account. We do not share in the fee charged by sub-advisors.

The Agreement between Cedrus and the Client will continue in effect until either party terminates the Agreement by giving to the other written notice, at least thirty (30) days prior to the date on which the termination is to be effective. Refunds are not applicable because fees are payable in arrears.

#### **Financial Planning Services Fee**

For stand-alone financial planning services, Cedrus charges a negotiable fixed fee that ranges from \$2,000 to \$20,000. Prior to engaging Cedrus to provide financial planning services, Clients will be required to enter into a written financial planning agreement. The financial planning agreement will set forth the terms and conditions of the engagement and will describe the scope of the services to be provided. Fees for financial planning services are billed 50% in advance and 50% upon completion of the agreed upon service. Cedrus does not require the prepayment of over \$1,200, six or more months in advance.

Either party may terminate the financial planning agreement by providing written notice to the other party. In the event there are any prepaid, unearned fees at the time of termination, Cedrus will promptly refund a *pro rata* share to the client.

#### **Additional Fees and Expenses**

The fees Cedrus charges are negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. The fees are charged as described above and are not based on a share of capital gains of the funds of any advisory client.

All fees paid to Cedrus for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds, exchange traded funds or other investment companies. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

You could invest in an investment company directly, without the services of Cedrus. In which case, you would not receive the services provided by Cedrus, which are designed, among other things, to assist you in determining which fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by Cedrus to fully understand the total amount of fees to be paid by you to evaluate the advisory services being provided.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

#### **Compensation for the Sale of Investment Products**

Certain Executive Officers and other Associated Persons of Cedrus are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than based solely on your needs. **Clients of our firm are under no obligation, contractually or**

**otherwise, to purchase insurance products through any person affiliated with our firm.**

#### **Performance-Based Fees and Side-By-Side Management - Item 6**

Performance-based fees are based on a share of capital gains on or capital appreciation of the client's assets. Our Associated Persons and we do not accept performance-based fees.

#### **Types of Clients - Item 7**

We generally offer investment advisory services to individuals, pension and profit sharing plans and participants, trusts, estates, charitable organizations, corporations, and other business entities.

Cedrus generally requires a minimum of \$1,000,000 to establish an advisory relationship. This requirement can be met by combining two or more accounts owned by you or related family members. From time to time, Cedrus may accept smaller accounts based on various criteria, such as anticipated future assets, related accounts, and other factors.

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

Cedrus advisors will use various methods to determine an appropriate investment strategy. We seek to recommend investment strategies or products that will give you a diversified portfolio consistent with your investment objective. We do this by analyzing the various products, investment strategies, and money management firms to which we provide access. That analysis includes a review of the structure, cost, and investment performance history of each program.

We may use one or more of the following methods of analysis and/or investment strategies when providing investment advice to you:

- **Fundamental Analysis** – Involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The primary risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Technical Analysis** – Technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated



with new data, and can accurately predict future market, industry, and sector performance.

We may use one or more of the following investment strategies when advising you on investments:

- Long Term Purchases – Securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.
- Short Term Purchases – Securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.
- Trading - Trading involves purchasing securities with the idea of selling them relatively quickly. We may use this strategy to take advantage of our predictions of brief price swings. A trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize, and could result in having a long-term investment in a security that was designed to be a short-term purchase, or the potential of a loss. We do not anticipate using a frequent trading strategy. However, in the event we recommend this strategy for a particular client, they should understand that higher rates of portfolio turnover would likely result in an increase in the account's broker-dealer costs. High portfolio turnover may also result in the realization of net capital gains, and any distributions derived from such gains may be ordinary income for federal tax purposes.

**Investing in securities involves risk of loss that Clients should be prepared to bear.**

The investment advice provided along with the strategies suggested by Cedrus will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**Recommendation of Particular Types of Securities:** As disclosed under the "Advisory Business" section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should

familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Equities:** Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Risks Associated with Investing in Mutual Funds:** Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

**Risks Associated with Investing in Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

#### Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or of the integrity of our management. Neither we nor our

management person(s) have a history of reportable disciplinary events.

#### **Other Financial Industry Activities or Affiliations - Item 10**

Cedrus provides the following non investment advisory services to Clients:

- Family Office Services: These services include tax planning, insurance planning, multi generational wealth transfer planning, family foundation management, philanthropic planning and general family governance.
- Family Coaching Services: These services include life transition planning, family business and wealth assessment, transition planning and beneficiary coaching.
- Corporate Consulting Services: These services include business succession planning, executive coaching, mergers and acquisitions advice and talent acquisition advice.

Clients are advised that the fees paid to the firm for advisory services are separate and distinct from fees earned for non advisory services. Clients to whom the firm offers advisory services are informed that they are under no obligation to utilize our firm for these services. Currently, Cedrus expects to generate about 10% of its revenue from these non advisory services.

Cedrus is a licensed insurance agency with the State of Colorado. In this capacity, the firm sells insurance products to clients and is compensated in the form of commissions for these activities. Certain Executive officers and other Associated Persons of Cedrus are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. The firm expects that clients to whom it offers advisory services may also become insurance clients. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned by Associated Persons and the firm for placing the client in insurance products. This practice presents a conflict of interest because our firm and persons providing investment advice on behalf of our firm, who are insurance agents, have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. Cedrus has policies and procedures that require all IARs to uphold their fiduciary responsibilities towards clients. In any event, all client transaction costs will be disclosed to the client. **Clients of our firm are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.**

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

##### **Description of Our Code of Ethics**

Cedrus has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Cedrus' policies and procedures developed to protect clients' interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics;
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Cedrus' Code of Ethics is available upon request to our firm at (303) 359-8883.

#### **Personal Trading Practices**

At times, Cedrus and/or its related persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. Cedrus and its related persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

#### **Brokerage Practices - Item 12**

Clients invested in the Managed Accounts Program and the Goallink Program developed by SEI Investments Management Corporation ("SIMC"), are required to custody accounts with SEI Trust Company, a wholly owned subsidiary of SEI Investments. Trades executed through SEI for SEI funds are placed free of charge, as an accommodation to Clients. However, accounts may be subject to an annual custodial fee. The exact fee will be listed in SEI's account opening document.

Cedrus has an institutional custodial relationship with Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC. Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities in your account(s) upon our instructions. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and you will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you.

#### ***Your Custody and Brokerage Costs***

Schwab generally does not charge you separately for custody services, but is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account.

#### ***Research and Other Soft Dollar Benefits***

Although not considered "soft dollar" compensation, Cedrus may receive some economic benefits from Schwab Advisor Services in the form of access to its institutional brokerage, trading, custody, reporting and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, Schwab may charge us quarterly service fees. Below is a detailed description of Schwab's support services.

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

*Services that May Not Directly Benefit You:* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

*Services that Generally Benefit Only Us:* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

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

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

#### **Directed Brokerage**

In very limited circumstances, and at our sole discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. In the event that a client directs Cedrus to use a particular broker/dealer, the firm may not be authorized to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct the firm to use a particular broker/dealer and those that do not.

#### **Trade Aggregation/Block Trading**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage on a discretionary basis whenever possible and where in the clients' best interests (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. In rare instances, such as partial fills or limited shares of thinly traded or illiquid stocks, it may be necessary to place block trades for only small groups of clients over a period of time. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

#### Review of Accounts - Item 13

##### **Portfolio Management Account Reviews**

Cedrus monitors directly managed account holdings on a continuous basis and conducts formal account reviews at least annually. Accounts are reviewed by the Associated Person assigned to the account.

Additional reviews may be offered in certain circumstances. Factors that may trigger additional reviews include, but are not limited to, changes in economic conditions, changes in the client's financial situation or investment objectives, or upon client request.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Cedrus will also provide performance reports on an as needed basis.

#### Client Referrals and Other Compensation - Item 14

Cedrus has a brokerage and clearing arrangement with Schwab and the firm receives additional benefits from them. These additional benefits are listed under Item 12 above.

Cedrus and our Associated Persons have ongoing business relationships with various third party vendors and product sponsors. From time to time, these vendors provide advertising development, marketing assistance, software and other services that are designed to assist our firm primarily with client acquisition and servicing. In addition, Associated Persons of our firm attend training and/or due diligence meetings sponsored by such vendors. Some of the products and services made available by such vendors benefit our firm, but may not benefit our clients. These products or services assist us in managing and administering client accounts, including clients who have no direct relationship with these vendors. Other services made available by such vendors are intended to help us manage and further develop our business enterprise. As part of our fiduciary duties to clients, our firm endeavors at all times to put the interests of our clients first. You should be aware, however, that our firm's receipt of economic benefits in and of itself creates a conflict of interest because it gives our firm an incentive to work with vendors that provide such services over vendors that provide no additional services.

Cedrus does not currently have any client referral or compensation agreements with outside parties as defined by Rule 206(4)-3 of the Investment Advisers Act of 1940 and similar state laws, rules, and regulations.

#### Custody - Item 15

Cedrus is deemed to have custody of client assets because of the fee deduction authority granted by the client in the Advisory Agreement.

You will receive account statements at least quarterly from the broker-dealer or other qualified custodian holding your account asset. The custodian will not verify the calculation of the advisory fees. You are urged to review custodial account statements for accuracy. Cedrus will also provide performance report on a regular basis.

#### Investment Discretion - Item 16

Cedrus offers Portfolio Management Services on a discretionary and non discretionary basis. Clients must grant

discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in client accounts. Apart from the ability to withdraw management fees, Cedrus does not have the ability to withdraw funds or securities from the client's account. The client provides Cedrus discretionary authority to execute trades on behalf of the client's account via a limited power of attorney in the management agreement and in the contract between the client and the custodian.

If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

In a non-discretionary account, an Associated Person of Cedrus recommends the purchase or sale of securities for review and approval by the Client. Cedrus will only purchase or sell securities which have been approved by Clients in advance.

#### Voting Client Securities - Item 17

Cedrus does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page of this brochure.

#### Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about Cedrus', financial condition. Cedrus does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Cedrus has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

#### Requirements of State-Registered Advisers - Item 19

**This section is not applicable because our firm is SEC registered.**

#### Cedrus LLC Privacy Notice

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P") and/or comparable state laws. Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

#### **INFORMATION WE COLLECT**

Cedrus LLC must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

- information we receive from you on applications or other forms;
- information about your transactions with us, our affiliates, or others;
- information we receive from a consumer reporting agency.

#### **INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with applicable federal and/or state laws, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as our attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

#### **CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

#### **ACCURACY**

Cedrus LLC strives to maintain accurate personal information in our client files at all times. However, as personal situations, facts and data change over time; we urge our clients to provide feedback and updated information to help us meet our goals.

If you have any questions on this privacy policy notice, please contact us at (303) 359-8883.