

Registered as: River's Edge Wealth Management Wealth Management, LLC

# River's Edge Wealth Management

561 4<sup>th</sup> Street | Beaver, PA 15009  
(765) 438-5456

## **Part 2A of Form ADV: Firm Brochure**

**April 24, 2021**

This brochure provides information about the qualifications and business practices of River's Edge Wealth Management. If you have any questions about the contents of this brochure, please contact us at (765) 438-5456. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, the Pennsylvania Department of Securities or by any other state securities authority.

Additional information about River's Edge Wealth Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply any level of skill or training.

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**Item 2: Material Changes**

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This Firm Brochure is the disclosure document for River's Edge Wealth Management (the "Company," "we" and/or the "firm") prepared according to regulatory requirements and rules. The Company is required to amend this Brochure when information becomes materially inaccurate.

We will provide you with an updated Brochure on an annual basis. We will also provide you with other interim disclosures about material changes to the information provided in this Brochure as necessary or required. Whenever you would like to receive a complete copy of the current Brochure, please contact us at (765) 438-5456. We will be happy to provide you with a complete copy.

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## **Item 4: Advisory Business**

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### **Description of the Firm**

River's Edge Wealth Management is organized as a Pennsylvania limited liability company founded in 2021 with its principal place of business in Pennsylvania. The Company is newly registered with the Securities and Exchange Commission (the "SEC"). We will also do business under the trade names "River's Edge Wealth Management."

Jake McCracken is the 100% owner of the Company.

### **Description of Services Offered**

The following paragraphs describe the services offered by the Company. Please refer to the following paragraphs for more detail about the specific service, and how we tailor our services to your individual needs. As used in this Brochure, the words "our" and "us" also refer to the Company. The words "you," "your" or "client" refer to our clients and prospective clients. Other terms may be defined later in this Brochure as well.

### **Investment Advisory Services**

The Company offers continuous and ongoing investment advice and portfolio management services. Our advice and services are tailored to meet our client's individual needs, life circumstances and investment goals. We have discussions with the client to determine the client's investment objectives, risk tolerance, time horizons and liquidity needs. We use the information we gather to create an individualized investment portfolio for the client.

We may allow clients to impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. Client restrictions and guidelines may negatively affect investment performance. We also expect clients to inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that should be imposed on the management of the client's account. In this manner, we can better serve our clients' needs.

Account management and supervision is guided by the client's investment portfolio and market conditions. We manage clients' investment accounts on a discretionary basis. Once we construct an investment portfolio for a client, we will monitor the portfolio's performance on an ongoing and continuous basis, unless otherwise agreed, and will make adjustments and reallocations as necessary due to changes in market conditions and the client's circumstances as communicated to us. For our discretionary asset management services, the Company will receive a limited power of attorney to effect securities transactions on behalf of a client. Pursuant to an agreement with a client, we may agree to limitations on our discretionary authority. Such limitations would not be typical however.

We explore different types of investment options and strategies in the design of a client's customized

investment portfolio. Our investment recommendations are not limited by any specific product or service offered by a broker-dealer or custodian. These recommendations will generally include, but not necessarily be limited to, security types from the following list:

- Mutual fund shares
- Exchange traded fund shares
- Public securities
- Separately managed accounts
- Money market funds and other cash instruments
- Debt securities

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.

Because some types of investments involve certain additional degrees of risk, they will only be recommended and implemented when consistent with the client's investment portfolio. Although we may discuss private equity securities with a client and review private placement memorandums at the client's request, we will not make specific recommendations as to whether a client should buy, sell or hold private equity securities.

### **Financial Planning Services**

The Company also provides financial planning services. Such services include a comprehensive evaluation of a client's financial situation by using currently known facts and variables. We create a financial plan for the client, which is designed to assist the client to achieve financial goals and objectives. We may also prepare reports at the client's request. A financial plan may address one or more of the following areas:

- **Financial Position:** Understanding of a client's current financial situation. Sources of evaluation include income, expenses, assets, liabilities, etc.
- **Investment Planning:** Determining the most suitable way to structure investments to meet financial goals, and determine the appropriate account type (*e.g.*, joint tenants, IRA, Roth IRA, etc.)
- **Income Tax Planning:** Evaluating the current tax situation to help minimize a client's taxes and find more profitable ways to use the extra income generated.
- **Retirement Planning:** Assessing retirement needs to help a client determine how much to accumulate, as well as distribution strategies designed to create a source of income during retirement years.
- **Credit Planning:** Evaluating a client's credit needs.
- **Insurance Planning and Risk Management:** Evaluating the client's insurance needs and reviewing insurance policies and the like.

- **Estate Planning:** Reviewing the client's cash needs at death, income needs of surviving dependents and estate planning goals.
- **Education Planning:** Reviewing the educational needs for the client and his/her family, along with planning for educational expenses.
- **Long Term Care / Health Insurance Planning:** Reviewing long-term care needs and Medicare surcharge planning.
- **Student Loan Planning:** Analyzing loan payments plans, and refinancing and loan forgiveness analysis.
- **Tax Efficiency Planning:** Analyzing tax loss harvesting techniques, tax diversification, and tax bracket management, and engage in tax minimization planning.

We gather information through interviews and review of documents provided by the client. Information gathered includes the client's current financial status, future goals, investment objectives, tax status, risk tolerance and family circumstances.

Typical financial planning services include one or more of each of the aforementioned service components. A financial plan may require the services of a specialist such as an insurance specialist, attorney, or tax accountant. The Company does not provide these services. We may recommend third- party service providers, but the client is under no obligation to use any service provider recommended by us. Likewise, the client is under no obligation to act on our financial planning recommendations. The Company does not receive referral or other fees from third-party service providers. Certain of the Company's advisors are licensed insurance agents and may, on an individual basis, receive commissions on the sale of insurance products.

Financial plans are based on the client's financial situation at the time we present the financial plan to the client, and on the information provided to us. The client must promptly notify us if his/her financial situation, goals, objectives or needs change. Certain assumptions may be made with respect to interest rates, inflation rates, and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that a client's financial goals will be met.

#### **Educational Seminars and Contract Review**

The Company may periodically offer educational seminars and/or workshops for clients, prospective clients, business professionals, and others. Although these seminars may address financial planning, tax planning strategies, money management and investment and retirement planning, the content of these seminars will vary depending upon the needs of the attendees. These seminars are purely educational in nature and do not

involve the sale of any investment products. Information presented will not be based on any individual's personal needs, nor do we provide individualized investment advice to attendees during these seminars. At the request of a client, the Company may review employment related contracts for its physician clients and discuss the same with the applicable clients. *The Company does not, however, render legal advice. Clients must engage qualified legal professionals for legal advice.*

### **Retirement Plan Rollovers**

An employee generally has four (4) options for their retirement plan when they leave an employer:

1. Leave the money in his/her former employer's plan, if permitted
2. Rollover the assets to his/her new employer's plan if one is available and permitted
3. Rollover to an Individual Retirement Account (IRA), or
4. Cash out the account value, which has significant tax considerations

River's Edge Wealth Management provides educational services pertaining to retirement plan assets that could potentially be rolled-over to an IRA managed by the firm. Education is based on a particular Client's financial circumstances. River's Edge Wealth Management has an incentive to recommend such a rollover based on the compensation received, which is mitigated by the fiduciary duty to act in a Client's best interest and acting accordingly.

### **Wrap Fee Programs**

The Company participates in a wrap fee program. (See Company's Wrap Fee Program Brochure for details.)

Wrap fee programs offer services for one all-inclusive fee subject to any exceptions. The Company sponsors a wrap fee program through National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity"). Fidelity is independently owned and operated, and has no affiliation with the Company, and Fidelity does not act as a sponsor of the wrap fee program.

The Company does not offer a wrap program through any other custodian or broker-dealer. Under the wrap fee program offered, clients will pay a single advisory fee (see Item 5) to the Company for investment advisory services provided by the Company and certain custody and brokerage services provided by Fidelity. Exceptions to coverage of brokerage related and outside fees are set forth in the Wrap Fee Program Brochure. The Company pays the custodial fee, if any, certain execution and clearing fees associated with transactions in the client's accounts which are custodied at Fidelity ("wrap fee accounts"), and certain other fees. The advisory fee will be based on the assets under management in the wrap fee account.

Except as provided below, the Company offers its wrap fee program to all discretionary asset based advisory clients who (1) custody their assets and establish a brokerage account with Fidelity, and (2) pay an advisory fee based on a percentage of assets under management with the Company. Investment opportunities for wrap fee accounts do not materially differ from those for non-wrap fee accounts. Further information about Company's wrap fee program is included in our Wrap Fee Program Brochure, which is available upon request and which is provided to a client before opening a wrap fee account.

## **Assets Under Management**

The firm is a newly registered investment adviser. Assets under management will be amended at least annually as of December 31<sup>st</sup>.

Assets under Management	
Discretionary	\$0.00
Non-Discretionary	\$0.00
<b>Total</b>	<b>\$0.00</b>

## **Information Regarding Conflicts of Interest**

The Company may have actual or potential conflicts of interest arising from our advisory services. These may include, but are not limited to:

- Conflicts related to one or more of our investment advisor representatives also being licensed as an independent insurance agent through licensed insurance brokers. For further information, please refer to Item 10 below.
- Conflicts related to investing in securities recommended to clients and contemporaneous trading of securities (*i.e.*, personal trading) by the Company or its related persons. Please refer to Item 11 for further information.
- Conflicts related to the wrap program. Please see Wrap Fee Program Brochure.

Actual or potential conflicts of interest generally can be addressed in a number of ways, including, but not limited to, the following:

- We prohibit the conduct that gives rise to the conflict of interest;
- We put our clients' best interests ahead of our own;
- We give a received benefit to a client;
- We implement procedures to prevent a person from gaining knowledge that may give rise to a conflict;
- We establish benchmarks and parameters for conduct that are designed to protect client interests or limit the benefit that creates the conflict of interest;
- We disclose the conflict of interest to our clients; and/or
- We set a *de minimis* threshold for benefits that are considered too small to influence conduct, and are therefore permitted.

The Company has adopted a Code of Ethics. (Please refer to Item 11 below for further information on our Code of Ethics). We also have policies and procedures in place to mitigate and address conflicts of interest. We believe that such policies and procedures are reasonably designed to treat clients equitably and to advance the best interests of the clients. The clients' best interests are paramount in any situation involving a conflict of interest.



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## Item 5 : Fees and Compensation

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### Investment Advisory Services

The Company's fee for our investment advisory services will be charged as a percentage of assets under management with us, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee Rate</u>
\$0 to 500,000	1.4%
\$500,001 to \$1,000,000	1.0%
\$1,000,001 to \$3,000,000	.80%
\$3,000,001 to \$10,000,000	.60%
\$10,000,001 to \$20,000,000	.50%
\$20,000,001 to \$50,000,000	.40%
More than \$50,000,000	.30%

Although the Company has established the above fee schedule, we may negotiate other fee schedules depending on the size of the account, type of account, the level of client service required and other factors we consider relevant, including timing of client relationship. *The specific annual fee being charged to the client will be set forth and identified in an agreement between the Company and that client. Asset based fees are always subject to the management agreement between the client and the Company.*

The Company typically imposes a minimum of \$5,000 in annual fees. However, this minimum amount is negotiable under certain circumstances.

Fees are charged quarterly in advance based on the market value of the client's account(s), generally as determined by the custodian, on the last business day of the quarter; provided, however, that for the initial quarter the client engages in the Company, fees are charged on a pro-rated basis in arrears based on the market value of the client's account(s), generally as determined by the custodian, on the last business day of the initial quarter. For partial quarters, fees are pro-rated. All unearned fees will be refunded to the client in the event the client terminates our services. Unless other arrangements are made, fees are directly debited from a client's account(s), and each client is required to provide the qualified custodian of the client's account(s) written authorization to deduct the fees described.

Cash and assets which are invested in shares of mutual funds and exchange-traded funds are included in the calculation of the value of the client's assets under management with us for purposes of computing our fee. Cash and money market accounts are also included in the computation. A client's margin balance is typically included when calculating assets under management with us. This will be in addition to any margin interest being paid by the client.

The custodian sends the client a statement, at least quarterly, indicating the amount of our fees and all amounts disbursed from the account to the Company for our fees. The client is responsible for verifying the

accuracy of the fee calculation, as the custodian will not verify the calculation. Payment of fees may result in the liquidation of client's securities if there is insufficient cash in the client's account(s).

In some circumstances, the client may require the services of a specialist such as an attorney or accountant since we do not provide any legal, tax or accounting advice. The Company may recommend third-party service providers, but the client is under no obligation to use any service provider recommended by the Company. Fees for specialists will be negotiated between the client and specialist directly, and we would not be involved.

### **Financial Planning Services**

For clients who retain the Company for its investment advisory services, there is no separate fee for the Company's financial planning services. Others may retain the Company for only financial planning, and for those persons our financial planning fees are based on the nature of the services being provided, who is providing the services and the complexity of the client's circumstances. Financial planning fees are generally calculated and charged on a flat fee basis from \$2,500 to \$7,500 per engagement, but with a minimum charge of \$2,500. Financial planning fees are negotiable. The Company may reduce or waive the financial planning fees in certain circumstances. We provide you with an exact fee quote before you authorize us to begin our work. The specific financial planning fee being charged to the client will be set forth and identified in an agreement between the Company and that client.

Although the length of time it will take to provide a financial plan depends on each client's personal situation, we will provide a timing estimate at the start of the planning relationship. For those who will be charged for financial planning, we will invoice the client for ½ of the services when we start the work and the remainder of the fees will generally be due and payable upon delivery of the completed financial plan to the client. All plans will be completed within six months unless otherwise agreed.

In some circumstances, the financial plan may require the services of a specialist such as an insurance specialist, attorney or tax accountant. The Company does not provide any of these services. The Company may recommend third-party service providers, but the client is under no obligation to use any service provider recommended by us. Fees for specialists will be negotiated between the client and specialist directly.

### **Educational Seminars and Contract Review**

The fee for attending an educational seminar is between \$500 and \$2,500. The specific fee will be clearly detailed in the agreement between the Company and the client.

We do not charge any physician client any fee for providing contract review services *provided* that such person is then receiving investment advisory services from us.

### **General Information**

An investment management agreement may generally be terminated at any time, by us or the client, for any reason upon prior written notice. The timing is specified in the client management agreement between the

Company and the client. In addition, if a client receives this Brochure at the time the client enters into the investment management agreement, the client has the right to terminate the agreement within 5 business days after entering into it by giving written notice of such termination to Company without penalty or fees of any kind.

The Company will not take custody or possession of client funds or securities at any time. If the Company directly debits advisory fees directly from the client's account(s) or has a standing letter of authorization to effectuate certain third party transfers from the client's account(s), we may be deemed to have custody of the account under applicable law.

The Company has a fiduciary duty to all its clients and will put the client's best interests first. All conflicts of interests should be disclosed to the client.

Clients should be aware that similar advisory services may or may not be available from other investment advisors for similar or lower fees.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

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We do not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees which are based on the share of capital gain or capital appreciation of a client's account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged a performance-based fee. We do not charge performance based fees, nor do we provide side-by-side management.

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#### **Item 7: Types of Clients**

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We offer our services to individuals, high net worth individuals, physicians and owners of closely held businesses. We may offer services to business entities, charitable organizations, and estates and trusts as well.

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

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The Company may use one or more of the following methods of analyses or investment strategies when providing investment advice to clients, subject to the clients' investment objectives, risk tolerance, time horizons and stated guidelines:

- ***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a

good time to buy) or overpriced (indicating it may be time to sell). We look at historical and present financial statements of the company, annual reports, governmental filings and business activities. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Individualized analysis of underlying documentation can vary.

- **Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance, and we seek to create a portfolio to maximize potential return relative to portfolio risk. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, necessitating periodic re-balancing of client portfolios.
- **Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or exchange traded fund (ETF) in an attempt to determine if the manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results.

A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

- **Tax Analysis:** We attempt to use low-cost and tax-efficient funds with an overarching asset location strategy that encompasses all accounts. We generally try to hold tax inefficient funds inside qualified accounts and tax-efficient funds in non-qualified accounts. We review how to harvest tax losses to offset investment gains and ordinary income. We review converting pre-tax funds to Roth to fill up lower federal tax brackets and plan around state income tax brackets depending on current and anticipated residence. We attempt to manage interest, dividends, and capital gains in non-qualified accounts and qualified account withdrawals to take advantage of lower tax brackets while also keeping Modified Adjusted Gross Income below certain thresholds to attain lower Medicare Part B premium rates and limit Medicare Part D surcharges. We attempt to convert pre-tax funds to Roth strategically during market declines to allow a "discount" on taxes owed from the Roth Conversions. We review interest, dividends, and capital gains in non-qualified accounts and qualified account withdrawals to try to avoid additional tax on social security benefits. We look at IRS contribution limits, individual and employer sponsored plan rules, current and anticipated future income tax brackets, and needed distributions to plan for retirement tax-efficiency. We help plan for tax-efficient charitable giving by reviewing Qualified Charitable Distributions, and opportunities to gift appreciated stock.

The Company's analysis methods rely on the assumption that the investment vehicles which we recommend for our clients, the companies whose securities we purchase and sell on behalf of our clients, the rating agencies that review these securities, and other publicly or privately available sources of information about these securities, are providing accurate, timely and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate, misleading or untimely information. This is an ongoing risk with regard to all the strategies discussed below.

### **Investment Strategies**

The Company may use the following strategies in managing client accounts. Investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. The client's restrictions and guidelines may affect the composition of the client's portfolio.

- ***Long-term Purchases.*** We purchase securities with the idea of holding them in the client's account for some period of time, often a year or longer. Typically, we employ this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.
- ***Short-term Purchases.*** When utilizing this strategy, we purchase securities with the idea of selling them when they reach or pass their price targets. We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

### **Risk of Loss**

Investing involves a risk of loss. Clients should be prepared to bear investment loss, including the loss of the original principal. Clients should never presume that future performance of any specific investment or investment strategy will be profitable. Further, there may be varying degrees of risk depending on different types of investments. Clients should know that all investments carry a certain degree of risk ranging from the variability of market values to the possibility of permanent loss of capital. Although portfolios seek principal protection, asset allocation and investment decisions may not achieve this goal in all cases. There is no guarantee a portfolio will meet a target return or an investment objective.

Risks to capital include, but may not be limited to, changes in the economy, market volatility, company results, industry sectors, accounting standards and changes in interest rates. Investments are generally subject to risks inherent in governmental actions, exchange rates, inflation, deflation, and fiscal and monetary policies. Market risks include changes in market sentiment in general and styles of investing. Diversification will not protect an investor from these risks and fluctuations.

The Company does not engage in high-frequency trading activities.

Additional risks include:

- **Market risk:** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. Stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. Common stock (or its equivalent) is generally exposed to greater risk than preferred stocks and debt obligations of an issuer.
- **Company risk:** There is always a certain level of company or industry specific risk that is inherent in each investment. Although this risk can be reduced through appropriate diversification, it cannot be eliminated. There is the risk that the issuer will perform poorly or have its value reduced based on factors specific to the issuer or its industry. If the issuer experiences credit issues or defaults on debt, the value of the issuer may be reduced.
- **Exchange traded fund and mutual fund risk:** The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may incur additional costs associated with ETFs and mutual funds (see Item 5). Consumer Discretionary ETF Shares are listed for trading on NYSE Arca and can be bought and sold on the secondary market at market prices. Although it is expected that the market price of a Consumer Discretionary ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV vary significantly. Thus, the client may pay more or less than NAV when the Consumer Discretionary ETF Shares are purchased on the secondary market, and the client may receive more or less than NAV when you sell those shares. Although Consumer Discretionary ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained and Trading of Consumer Discretionary ETF Shares on NYSE Arca may be halted by the activation of individual or market wide "circuit breakers" (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of Consumer Discretionary ETF Shares may also be halted if the shares are delisted from NYSE Arca without first being listed on another exchange or exchange officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors.
- **Management risk:** Investments managed by us vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities.
- **Foreign investments risks:** Non-U.S. investments, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.
- **Emerging markets risks:** Emerging markets can experience high volatility and risk in the short term.

- **Liquidity risks:** Generally, assets are more liquid if many investors are interested in a standardized product, making the product relatively easy to convert into cash. Specialized investments may have reduced liquidity.
- **Bond risks:** Investments in bonds involve interest rate and credit risks. Bond values change according to changes in interest rates, inflation, credit climate and issue credit quality. Interest rate increases will reduce the value of a bond. Longer term bonds are more susceptible to interest rate variations than shorter term, lower yield bonds.
- **Sector risks:** Investing in a particular sector is subject to cyclical market conditions and changes.
- **Cybersecurity Risk.** The computer systems, networks and devices used by us and our service providers employ a variety of protections designed to prevent damage or interruption from computer viruses, network and computer failures and cyberattacks. Despite such protections, systems, networks and devices potentially can be breached. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of corrupting data, or causing operational disruption, as well as denial-of-service attacks on websites. Cyber incidents may cause disruptions and impact business operations, potentially resulting in financial losses, the inability of us or our service providers to trade, violations of privacy and other laws, regulatory fines, reputational damage, reimbursement costs and additional compliance costs, as well as the inadvertent release of confidential information.
- **COVID-19 Pandemic Risk:** The novel coronavirus known as COVID-19 involves significant risk of a sustained increase in the volatility of global markets, which volatility could continue for the foreseeable future. Market responses to decisions made by governments and scientists around the world, including measures to contain the spread of the virus, availability of healthcare and treatments, and rolling shutdowns of markets across the globe would negatively impact markets and pose a significant risk of loss to investment principal. The pandemic also poses a risk from a human capital and resource perspective.

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Cash balances are typically invested daily in money market accounts or remain in cash.

Our strategies and investments may have unique and significant tax implications. The Company will manage portfolios with an awareness of tax implications, but long-term wealth compounding is our primary consideration. Specific goals regarding account tax efficiency should be set forth in a writing signed by both us and the client. Regardless of account size or other factors, the Company strongly recommends that its clients continuously consult with a tax professional prior to and throughout the investing of clients' assets.

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**Item 9: Disciplinary Information**

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We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of us, our business or the integrity of our management or associated persons.

Neither the Company nor any of our associated persons has any reportable disciplinary events to disclose.

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

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The Company is not a registered broker-dealer, commodity firm, commodity trading advisor, or futures commission merchant, and does not have an application to register for any of the same pending.

The Company does not recommend investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

Persons providing investment advice on behalf of the Company are licensed insurance agents. Based on a client's specific financial goals, these persons may recommend to clients the purchase and/or maintenance of life, disability, long term care, health, etc. insurance products. These products are separate and distinct from services offered through the Company. The Company does not receive a commission on the sale of any insurance product. Clients should be aware that these insurance products pay a commission and involve a conflict of interest, in that the licensed insurance agent will receive a commission on the sale of these products. In no event is any client obligated, contractually or otherwise, to use the services of any licensed insurance agent acting in such capacity or to purchase products through said individual.

The Company always acts in the best interest of the client, and any person providing investment advice on behalf of the Company must act in the best interests of the client and put that client's interests ahead of the individual's own interests. All conflicts are required to be disclosed.

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

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The Company has adopted a Code of Ethics that sets forth high ethical standards of business and professional conduct which we require our employees to follow. The Code of Ethics outlines proper conduct related to all services provided to clients by the Company and our associated persons, and includes guidelines for compliance with applicable laws and regulations governing our practice. Our goal is to protect our clients' interests at all times and demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing.

**Personal Securities Transactions and Interests**

Through its professional activities, the Company and its supervised persons are exposed to potential conflicts of interest and the Code of Ethics contains provisions designed to mitigate certain of these potential conflicts by governing the personal securities transactions of certain of its employees, officers and directors. In particular, the Code of Ethics governs the conduct of certain "access persons" in circumstances where the Company or access persons may desire to purchase or sell securities for their personal accounts that are



identical to those recommended by the Company to its clients. For these purposes, the Code of Ethics defines an "access" person as a supervised person of the Company that (1) has access to nonpublic information regarding any clients' purchase or sale of securities, (2) has access to nonpublic information regarding the portfolio holdings of any fund the adviser or its control affiliates manage or sponsor, or (3) is involved in making securities recommendations (or has access to such recommendations) to clients that are nonpublic.

Access persons' trades must be executed in a manner consistent with the following principles:

- The interests of client accounts will at all times be placed first.
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.
- Access persons must not take inappropriate advantage of their positions.
- Preclearance of access persons' transactions in securities in a limited offering or private placement is required.

Access persons must submit quarterly reports regarding securities transactions and newly opened accounts, as well as annual reports regarding holdings and existing accounts. The Company monitors access persons' personal trading activity at least quarterly to ensure compliance with internal control policies and procedures and our Code of Ethics.

The Code of Ethics does not prevent or prohibit access persons from trading in securities that we may recommend or in which we may invest client assets, but rather prescribes the governing principals relative to the same (see above). As such, it is possible that (1) the Company or its access persons could recommend to clients, or buy or sell for client accounts, securities in which one or more access persons (including the Company or its affiliates) has a material financial interest, (2) access persons (including the Company or its affiliates) could invest in the same securities (or related securities) that we recommend to clients, or (3) the Company (including its affiliates) and its access persons could recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that one or more access persons (including the Company or its affiliates) buys or sells the same securities for its own account. This presents a potential conflict in that the access person might seek to benefit himself or herself from this type of trading activity in the same securities, either by trading for personal accounts in advance of client trading activity, or otherwise. All such activity must be in strict adherence with our Code of Ethics and must fundamentally place the clients' interests first. Moreover, it is our policy that neither the Company nor its associated persons will have priority over a client's account(s) in the purchase or sale of securities.

Neither the Company nor its associated persons has any material financial interest in client transactions beyond the provision of investment advisory services or other services as disclosed in this Brochure.

The Company does not engage in principal trading (*i.e.*, the practice of selling stock to advisory clients from

our inventory or buying stocks from advisory clients into our inventory). Nor does the Company engage in agency cross transactions.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the e-mail or phone number listed on the cover page of this Brochure.

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## **Item 12: Brokerage Practices**

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### **Order Aggregation/Block Trading/Allocations**

The Company's advice to clients is premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his/her applicable investment objective, guidelines, risk tolerance and circumstances. Thus, any action of the Company with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice or actions of the Company to or on behalf of other clients.

However, as the Company may be managing accounts with similar investment objectives, the Company may aggregate orders for securities for such accounts. In this event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by the Company in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Such aggregate orders may include transactions for accounts for employee benefit plans and private investment vehicles, such as limited partnerships or limited liability companies, in which the Company, its affiliates, principals or employees are among the investors.

The Company's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients' best interests. The Company will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

The Company will aggregate, *i.e.*, "block," trades where possible and when advantageous to clients. We must reasonably believe that the order aggregation will benefit, and will enable us to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price. Block trading may allow us to execute trades in a timelier, more equitable manner, at an average share price.

The Company will block trades among clients whose accounts can be traded at a given broker-dealer. Blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, as long as transaction costs are shared equally and on a pro-rata basis between all accounts included in the block. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market

price for the security has not materially changed and the aggregation does not cause any unintended exposure. All clients participating in each aggregated order will generally receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro-rata portion of commissions, provided, however, that an adjustment may be appropriate in some circumstances. Those clients participating in wrap programs may not pay certain fees; instead the fees would be paid by the Company.

Prior to entry of an aggregated order, each client account participating is identified in the order and the proposed allocation of the order, upon completion, to those clients. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts. Our client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account. Funds and securities for aggregated orders are clearly identified in our records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if the Company believes that a larger size block trade would lead to best overall price for the security being transacted. All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Transactions for any client account may not be aggregated for execution if the practice is prohibited by the client or with the Company's order allocation policy.

### **Broker-Dealer Relationships and Benefits**

The Company will generally not allow advisory clients to determine the broker-dealer to use. Rather, the Company will generally require that clients establish brokerage accounts with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity"). Fidelity provides the Company with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, trade execution, clearance, settlement of transactions, administrative support, record keeping and related services that are intended to support intermediaries like the Company in conducting business and in serving the best interests of their clients but that may benefit the Company.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (*i.e.*, transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables the Company to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. Some of these transaction fees are covered by the Company under its wrap program.

As part of the arrangement, Fidelity may also make available to the Company, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by the Company (within specified parameters). These research and brokerage services would be used by the Company to manage accounts for which it has investment discretion. Services provided by Fidelity may include research (including mutual fund research, third-party research, and Fidelity's proprietary research), brokerage, clearing, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. Research and brokerage services presently include: access to a full array of proprietary and third-party investment offerings, spanning alternatives, structured products, separately managed accounts and mutual funds; comprehensive technology integration, training and support; Integrated Trust Services offering efficient, custody and clearing; business-building solutions ranging from marketing support to client management tools; integrated charitable and foundation services through Fidelity Charitable Services; and leading retirement programs and offerings to help the Company meet both the asset accumulation and income distribution needs of its clients. The Company may also receive additional services from Fidelity. Without this arrangement, the Company might be compelled to purchase the same or similar services at its own expense.

The Company may be eligible for a specific schedule of fees based upon our assets under management with Fidelity.

A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Company determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although the Company will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by the Company will generally be used to service all of its clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

The Company and Fidelity are not affiliates, and no broker-dealer affiliated with the Company is involved in the relationship between the Company and Fidelity.

## **Best Execution**

As stated above, the Company will generally require that its clients establish broker accounts with Fidelity. The Company, pursuant to the terms of its management agreement with clients, will generally have discretionary authority to determine which securities are to be bought and sold and the price of such securities to effect such transactions. The Company recognizes that the analysis of execution quality involves a number of qualitative and quantitative factors. The Company will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include, but are not limited, to the following:

- The financial strength, reputation and stability of the broker-dealer;
- The efficiency with which the transaction is effected; the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- The availability of the broker-dealer to stand ready to effect transactions of varying degrees of difficulty in the future;
- The efficiency of error resolution, clearance and settlement;
- Block trading and positioning capabilities;
- Performance measurements;
- Online access to computerized data regarding customer accounts;
- Availability, comprehensiveness, and frequency of brokerage and research services;
- Commission rate;
- The economic benefit to the clients; and
- Related matters involved in the receipt of brokerage services.

The Company will utilize Fidelity as its sole custodian / broker-dealer. There are some risks associated with the use of a single custodian / broker-dealer, such as the financial failure of the broker-dealer. However, brokerage firms are required to follow certain rules that are designed to minimize the chances of financial failure and, more importantly, to protect customer assets if they do fail. Various regulatory agencies enforce those rules. In addition, the Company will engage in annual, or more frequent, due diligence regarding the financial health of Fidelity.

Another aspect of using a single broker-dealer is the inability to compare trading costs and execution, and possibly the failure to obtain the best pricing and best execution available. The Company has engaged in due diligence regarding Fidelity's execution and trading costs, and believes both that Fidelity provides high- quality trade execution and that the Company's clients will pay competitive rates for such execution to the extent not covered by the wrap program. Although Fidelity's commission rates are competitive within the securities industry, lower commissions or better execution may be able to be achieved elsewhere. The Company has considered the benefits offered to it through its relationship with Fidelity in making a determination to use Fidelity as its custodian / broker-dealer of choice. The Company has also considered the costs it is covering under the wrap program.

## **Trade Errors**

Where a trade error occurs in a client account due to our error, we will correct the error and ensure the client account does not suffer a loss or incur a transaction cost related to that error. Depending on the nature of the error, we will pay the cost of the error or will cause the custodian or broker-dealer to pay the cost of the error. However, the client will not profit from the error, even if the subsequent correction results in a profit due to market movement.

## **Brokerage for Client Referrals**

The Company does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

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### **Item 13: Review of Accounts**

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Each account receives, at a minimum, an annual review by the advisor managing that account. Accounts may be reviewed more frequently through various means, including telephone calls, in-person meetings, overall strategy reviews, and/or the review of monthly and quarterly statements. Reviews are based on objectives and parameters established by clients, which are generally memorialized through their client management agreements. More frequent reviews may also be triggered by a change in the client's investment objectives or risk tolerance, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in investment or fund managers, or changes in the economy or financial markets.

Our compliance personnel will also monitor managed and supervised accounts on an ongoing basis to ensure that the advisory services provided to clients are consistent with the clients' investment goals.

Depending on the nature of the engagement, financial plans may not be reviewed until after the plan is delivered. The frequency of plan review will be dependent on the agreement terms. If deemed necessary it may be reviewed quarterly, yearly or some other determined amount of time. Those reviews will revisit the initial plan and determine if any adjustments need to be made to the objectives. Financial planning, by its nature, does require periodic review. The Company may use software and other tools to assist in generating a financial plan. In that circumstance, the Company will periodically evaluate the software and other tools for effectiveness and accuracy.

No on-going financial planning reports are provided for financial planning clients unless a financial plan update or additional services are requested.

Investment advisory clients receive standard account statements from the independent, qualified custodian of their accounts no less frequently than quarterly. The account statements received from the custodian and/or broker-dealer are the official records of the client's account(s). With respect to certain client accounts, the Company may provide, or cause to be provided, other statements setting forth the client's securities.

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## **Item14: Client Referrals and Other Compensation**

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### **Solicitor Arrangements**

The Company may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (*i.e.*, this Brochure), the Wrap Brochure, and a separate disclosure statement that includes the following information:

- The Solicitor's name and relationship with the Company;
- The fact that the Solicitor is being paid a referral fee for referring the prospective client to the Company;
- The amount of the fee to be paid to the Solicitor; and
- Whether the fee paid by the client will be greater than our standard fee in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of any referral.

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from any third-party in conjunction with the advisory and other services we provide our clients.

### **Fidelity Brokerage and Custody Services**

As disclosed in item 12 (Brokerage Practices) above, the Company participates in Fidelity's institutional advisor programs, and the Company will recommend Fidelity to clients for custody and brokerage services. There is no direct link between the Company's participation in the program and the investment advice it gives to its clients, although the Company receives economic benefits through its participation in the program that are typically not available to Fidelity retail investors.

Fidelity may make available to the Company other products and services that benefit us, but that may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Fidelity. These benefits include the following products and services (provided without cost or at a discount):

- Provide access to client account data (such as trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide research, pricing and other market data;
- Facilitate payment of our fees from clients' accounts; and assist with back-office functions, record keeping and client reporting;
- Receipt of duplicate client statements and confirmations; and
- The ability to have advisory fees deducted directly from our client's accounts.

Other services may be offered to help us manage and further develop our business enterprise. These services may include, but are not necessarily limited to: (1) compliance, legal and business consulting; (2) publications and conferences on practice management and business succession; (3) assistance with back-office functions, record keeping and client reporting; and (4) access to funds with no transaction fees and to certain institutional money managers. Fidelity may make available, arrange and/or pay third party vendors for the types of services rendered to the Company. Fidelity may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to the Company. Fidelity may also provide other benefits such as educational events or occasional *de minimus* business entertainment of our personnel. All business entertainment will be guided by our Code of Ethics.

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**Item 15: Custody**

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We have previously disclosed in Item 5 (Fees and Compensation) that we may directly debit advisory and other fees from client accounts. As part of this billing process, the independent, qualified custodian of the client's account(s) is advised of the amount of the advisory or other fee to be deducted from the client's account(s). The client will receive account statements from the custodian holding the account(s) at least quarterly. These statements will show all transactions within the account during that reporting period, including the amount of advisory or other fees debited from the client's account(s). Because the custodian does not calculate the amount of the fees to be deducted, it is important for clients to carefully review their account statements to verify the accuracy of the fee calculation, among other things. A client should contact us directly if he/she believes there is an error or has a question regarding an account statement.

The Company does not take custody or possession of client funds or securities at any time; provided however, that we do have "deemed" custody under applicable law when (1) we deduct fees directly from the client's account(s), and (2) clients have a third party standing letter of authorization (SLOA) with the Company directing us to make payments or transfers to authorized third parties. In the event a client has a SLOA with the Company, we adhere to the SEC's rules and guidance regarding deemed custody.

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**Item 16: Investment Discretion**

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When a client hires the Company to provide discretionary investment advisory services, we have the authority to place trades, buy and sell securities on the client's behalf, determine the amount of the securities to buy and sell, and determine the nature and type of securities to buy and sell without obtaining a client's consent or approval prior to each transaction. In some cases, we will have the authority to hire and fire third-party money managers. Clients who give us discretionary authority will give the Company a limited power of attorney and/or trading authorization forms to make the above decisions on the client's behalf.

Clients may limit our authority by giving us written instructions, restrictions and guidelines via email communication or other written instructions. For example, a client may specify that the client's account not contain investments in a specific industry. Clients can change such instructions, restrictions and guidelines by providing us with written instructions. The most current written instructions will control. We will not accept instructions via text message or similar instant messaging methods.



If the client enters into a non-discretionary arrangement with the Company, we will obtain the client's approval prior to the execution of any transactions in the account(s). With such an arrangement, the client has the unrestricted right to decline to implement advice provided by us on a non-discretionary basis.

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**Item 17: Voting Client Securities**

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Regardless of whether we have discretion over a client's account(s), we will not vote proxies on behalf of any client or respond to any legal notices or class action claims on behalf of a client.

We will instruct the qualified, independent custodian to forward all proxy materials, legal notices and class action information to the client to review. The client should make his or her own informed decision on how to vote or respond to a legal notice. In the event we receive such material, we will forward them directly to the client by mail or by electronic mail (if the client has authorized electronic communication).

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**Item 18: Financial Information**

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Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

The Company does not have any financial issues that would impair its ability to provide services to clients, and Company has not been the subject of a bankruptcy petition at any time. We have no additional financial circumstances to report.