



# **Dean Roland Russell**

## **Family Wealth Management**

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

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### **Item 1 Cover Page**

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February 24, 2021

This Brochure provides information about the qualifications and business practices of Dean Roland Russell, LLC (“Dean Roland Russell”). If you have any questions about the contents of this Brochure, please contact Marc Roland by email [marc@drrwealth.com](mailto:marc@drrwealth.com) or phone, 858.485.8547. 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.

Dean Roland Russell is a registered investment advisor. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an Investment Advisor provide you with information from which you determine whether to hire or retain an investment advisor.

Additional information about Dean Roland Russell also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Dean Roland Russell is 109480. You can also search for our firm “Dean Roland Russell.”

## Item 2 | Material Changes

**These changes are only those since our last year's Annual Amendment dated February 9, 2020.**

**No Material Changes were made in this update**

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may provide other disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our brochure may be requested by contacting us and is also available on our website [www.drrwealth.com](http://www.drrwealth.com). It is always free of charge.

Additional information about Dean Roland Russell is available via the SEC's website [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Dean Roland Russell who are registered, or required to be registered, as investment advisor representatives of Dean Roland Russell.

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## Item 4 | Advisory Business

We are a fee-only (we are solely compensated by our clients, sell no products and receive no commissions or referral fees), SEC-registered investment advisor located in San Diego, California. We, including predecessor firms (Dean Consulting & Associates), have been in business since 1988. Currently, we have approximately 167 clients/families and manage \$306,860,000.

Marc Roland and Andrew Russell have worked together for over fifteen years and are the firm's managing members. Marc and Andrew each own a 50 percent interest in the firm.

We offer fee-only wealth management services primarily to high net-worth individuals and families to help them meet their short-term and long-term personal financial goals. *Our niche is providing personalized, customized services.* In order to perform our wealth management services well, we meet with our clients and work with them to outline their financial circumstances and investment objectives. Each client's portfolio is tailored for that client's specific needs, goals and risk tolerances.

Our services can include reviewing and making recommendations on some or all of the following (the below areas are reviewed as needed or on request during ongoing monitoring):

- Defining and quantifying goals and priorities;
- Investment strategies/advisory – may include some or all of the following: an evaluation of current portfolio, education on investments, development of a personalized asset allocation (investment mix), trade execution and rebalancing in accordance with your asset allocation;
- Retirement planning;
- Personal income tax and cash flow planning;
- Educational funding;
- Estate planning, multi-generational planning, legacy charitable planning;
- Insurance/risk management.

Once you choose an overall investment mix ("asset allocation"), we select the specific securities that will make up the desired mix of assets. We will use mutual funds, stocks, bonds, exchange-traded funds (ETFs), cash-equivalents, and other instruments. We will consider your personal situation, income and liquidity needs, time horizon, legal and tax constraints, and other special circumstances. Many times, our recommendations are determined primarily from tax, cash flow, and estate planning considerations rather than the intrinsic merits of the specific security as an investment.

The financial planning items mentioned may include the preparation of financial plans and analyses as well as financial statements showing net worth, cash flow, and income tax projections. We develop models that test how well your desired expenses match your expected financial resources.

## Item 5 | Fees and Compensation

### Fees for Ongoing Wealth Management Services

We charge fees based on a standard fee schedule, as described below, that we believe is market-based and competitive. Our standard fee schedule, ranges from 1% to 0.3% of the value of your portfolio, per annum, with a minimum annual fee of \$7,500. All fees are subject to negotiation.

The way we charge for ongoing wealth management services is established in your written agreement with us. We bill our fees quarterly, in arrears. Your quarterly fee is calculated as one quarter of the percentage outlined in the agreed-upon fee schedule. Fees are based on the value of the managed portfolio on the last day of the calendar quarter (excluding any self-managed accounts or securities) without reduction for margin borrowing and regardless of whether the assets are in cash or other securities. You authorize us to directly debit the fees from specific client accounts designated by you. The wealth management fee accrues daily and is payable on the last day of the calendar quarter or on the effective date of termination.

Investable Assets	Annual Fee
\$0 to \$2,000,000*	1.0% (0.01) annually
\$2,000,001 to \$3,000,000	0.5% (0.005) annually
\$3,000,001 to \$5,000,000	0.4% (0.004) annually
Greater than \$5,000,000	0.3% (0.003) annually

\*Minimum annual fee = \$7,500

Example: If we are managing \$3,000,000 of assets for you, \$2,000,000 @ 1.0% (\$20,000), plus \$1,000,000 @ 0.5% (\$5,000) would equal an annual average fee of 0.83%, or \$25,000.

Depending on the existing agreement, some clients could have wealth management fees calculated based on the value of the managed portfolio on June 30 of each year.

We do not receive any fees or compensation related to the sale or purchase of securities or other investment products. Neither we nor any of our employees or partners receives any commissions from sponsors of investment products.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses charged by others and which are paid by you. You may incur certain charges imposed by custodians, brokers, third party investments and other third-party activities such as fees charged by managers or custodians, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in each fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fees, and we shall not receive any portion of these commissions, fees, and costs.

Item 12, Brokerage Practices, further describes the factors that we consider in selecting or

recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, their commissions).

We do not independently value the securities held in your accounts, the value of which determines our fees. For marketable securities (those that are traded on public exchanges), the prices provided to us by custodians and/or third-party pricing services are used for reporting performance to you, and for calculating our fees. Please see additional information below regarding Valuation in Item 12.

In some instances, precise account balances are unavailable on a timely basis. Billing in those situations is therefore based on the most current information available when fees are calculated, or as otherwise outlined in our valuation procedures.

While we make every effort to obtain account balances directly from custodians, for reporting purposes we may request that you regularly provide us with copies of account statements.

### **Hourly Fees**

When either extensive work outside of our standard wealth management services (solely at our discretion) or consulting services (if we do not have a Wealth Advisory Services Agreement with you) is requested, a separate engagement will be negotiated. For these special projects or consulting services, fees are based on expected service time and hourly fees ranging from \$100 to \$400 per hour. These projects generally range from \$2,000 to \$10,000. While we have standard billing rates for these services, all fees are subject to negotiation. If the engagement is terminated before it is complete for any reason, any unused portion of the deposit will be refunded.

Either we or you may terminate the Agreement at any time. Notice of termination may be given to the other party either verbally or in writing. You are responsible to pay for services rendered until the termination of the agreement. You can cancel the Agreement without penalty within the first five days after the signing of the Agreement.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) nor do we offer side-by-side management (charging performance-based fees and another type of fee such as hourly or asset based).

## **Item 7 | Types of Clients**

Our focus is on families often extending several generations. We provide services for individuals, pension and profit-sharing plans, trusts, estates or charitable organizations, and corporations or other types of business entities. Most of our clients are individuals, trusts established by our clients (or deceased clients), and executors of our deceased clients. We do not have an absolute minimum for investment portfolios or a minimum account size. We have a minimum wealth management fee of \$7,500, although exceptions may be made for certain situations.

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

At the beginning of our relationship, we will first try to determine your financial goals to ensure that we have a mutual understanding of what you want to accomplish with your investments. We then suggest an investment program personalized to your needs and your ability to handle market volatility (ups and downs).

Our investment advice is generally based on our analysis, which include returns for, and risks to, various types of investments (asset classes): global public equity (stocks, large and small, domestic and overseas companies that are traded on an exchange); fixed income (bonds); real estate, etc. We believe that worldwide investments can provide positive portfolio growth over time. We expect your portfolio's return to compare favorably over time to the return by a portfolio of relevant benchmarks, and each investment's benchmark will be the return of a recognized investment index such as the US Aggregate Bond Index or the All Country World Index (ACWI) or a 60% ACWI and 40% US Aggregate Bond Index. This comparison to benchmarks is referred to as "relative performance".

Our market expectations are developed from internal analysis and research from third parties, including financial services firms, governments, academics, and non-governmental institutions. Our return expectations represent our expectations for returns and risks to various asset classes (large company domestic stocks, small company, international, etc.) and then build investment portfolio which aim to have the lowest possible overall risk for a given level of expected return. This portfolio design considers how the various asset classes are expected to perform relative to each other, their correlations, as well as how the various asset classes' risk relates to the other asset classes. It also includes an ongoing analysis of market conditions such as current and historical valuations.

The investment advice given to you is based on many factors, including your investment objectives and financial goals, risk tolerance, asset class choices, investment time horizon, cash needs, taxes, historical returns, expected returns and general economic conditions. We use various types of reviews pertaining to markets, investment strategies, and individual investments when providing investment advice. Those reviews usually include historic, current, and anticipated: economic sector, industry, company, financial market and investment return information. Regardless of the methods used in providing investment advice, investing in securities involves risk of loss that you should be prepared to bear.

Our standard portfolios that target the lowest volatility/risk will be more heavily weighted to fixed income (bonds), while portfolios that target higher volatility/risk will be weighted towards equities (stocks). Within each asset class, the securities are generally the same for portfolios with different risk and return targets; it is the overall asset allocations that differ.

A substantial material risk for clients is forecasting errors in our market return expectations. In the event that our expectations for returns are significantly different than actual long-term experiences, you could be substantially disadvantaged as these estimates help to guide our asset allocation and financial planning recommendations. Additionally, there are material risks in our mutual fund manager selection process. There are general business and operational risks associated

with the firms that manage money on your behalf that could lead to unexpected and unfavorable developments including but not limited to: unethical or unlawful behavior by the manager, staff turnover that disrupts the investment decision making process of the manager, and/or a change in control of the manager including sale or dissolution. Other material risks include returns being significantly different than a corresponding benchmark as well as the risk of underperforming the benchmark in any time period and currency risk.

We often use Morningstar Advisor Workstation and Zacks Equity Research software packages to help with the comparison of investment performance of mutual funds, exchange traded funds and individual securities to market benchmarks. These software packages help with asset allocation by computing risk and return characteristics of securities or indexes, given our assumptions about risk and return of those portfolio elements. We also use numerous sources of information both public and private, including but not limited to Bloomberg, The Wall Street Journal, Morgan Stanley, JP Morgan Asset Management, Charles Schwab & Co., Inc., the Financial Times, the US Federal Reserve, etc.

We use economic, financial and market data from third-party sources that we believe to be reliable. We generally do not seek to independently confirm the accuracy of such information. Similarly, we rely on a variety of third-party financial applications to perform numerous financial calculations related to asset allocation, financial planning projections, and investment manager evaluations. Although we review the quality of these services, there can be no guarantee the calculations will be performed correctly going forward.

Investments are made across a wide range of markets and strategies. You should carefully read the prospectus, statement of additional information and periodic shareholder reports for further detail on specific risks associated with investing in any of these securities.

Our investment process is made up of the following steps:

1. Allocation across asset classes (e.g. stocks, bonds, domestic, international, large companies, small companies, real estate, commodities, etc.);
2. Security selection within each asset class; and
3. Implementing the portfolio.

We actively review and monitor the investments chosen for you and make sure they are meeting our criteria. Most investments are made using mutual funds and exchange traded funds. We also invest in or make recommendations regarding certain stocks and individual bonds.

We periodically rebalance or recommend rebalancing our clients' portfolios because studies show that rebalancing increases returns and/or lowers risk over the long-term. Rebalancing involves trading securities to bring your portfolio back toward your original asset mix. This becomes necessary, because, over time, the distribution of your portfolio may become out of alignment with your investment goals. And, in the near term, you will find that some of your investments will grow faster than others. You might experience some additional transaction costs due to the rebalancing. You also may have lower returns if the assets sold have higher returns in the future than those being purchased.



We generally do not make recommendations to purchase non-liquid securities because these investments typically lack transparency or accessible accounting records.

### **Material Risks and Risk Reduction**

- Markets are unpredictable, and our analysis is not able to predict future investment returns.
- All investments can lose value and certain asset classes and/or specific securities which we choose may have poor returns for an extended period.
- A focus on long-term returns could cause us to ignore or be less concerned with near-term economic or market events.
- The investment managers we choose may underperform their benchmarks, resulting in a worse return than investing in a single index fund or a portfolio of index funds.
- While we believe our approach will result in a lower tax bill than a traditional actively managed portfolio, our portfolios may incur higher taxes than an index fund, making any of our managers' underperformance of the benchmarks worse.

Investing in stocks, bonds, and other types of investments inherently involves a certain level of risk. No matter how well designed a portfolio is, it contains some potential for losing value. We therefore employ certain techniques in assisting clients to manage that risk, such as:

- Investing in a variety of asset classes which react differently to the irregular, unpredictable up and down movements in the economy, both in the US and internationally.
- Allocating assets across asset classes which react differently to the business cycle (an ongoing cycle of growth, decline, recession, and recovery in the economic activity of a particular economy), rather than relying completely on statistical measures of risk (like correlation).
- Constantly monitoring and attempting to reduce fees and expenses (e.g., negotiating trading fees and margin rates with custodians).

With the above being said, investing in securities involves risk of loss that clients should be prepared to bear.

### **Item 9 | Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us. We have no information applicable at this time.

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

We have no affiliations with any company and therefore have no information applicable to this Item. We are only in the business of providing wealth management services to our clients.

## Item 11 | Code of Ethics

We have adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, prohibition of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All our employees must acknowledge the terms of the Code of Ethics annually, or as amended.

Our Code of Ethics requires, among other things, that employees: act with integrity towards all, place the interests of the clients above their own, attempt to avoid actual and potential conflicts of interest, use reasonable care and comply with applicable federal and state securities laws.

Our Code of Ethics also requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the firm with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A complete copy of our Code of Ethics is available to you upon request at no cost.

Our employees and persons associated with us are required to follow our Code of Ethics. We may trade securities in our own accounts that are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with those of our clients. Under the Code, certain classes of securities have been designated as exempt transactions such as open-ended mutual funds, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading ahead of client trading activity. Employee trading is regularly monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between our clients and us.

In the normal course of business, we may provide gifts and gratuities to various individuals or entities such as clients, vendors, consultants, and service providers. These gifts are in no way tied to specific client referrals or any expectation of any other type of benefit to us. The gifts are generally immaterial in nature.

## Item 12 | Brokerage Practices

### The Custodians and Brokers We Use

We do not maintain physical custody of your assets that we manage or advise on. However, we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below) other than debiting our fees, or we possess similar control with respect to your assets. When we are deemed to have custody over an account because of this authority, we are required to have an independent third-party accounting firm conduct a “surprise audit” of those accounts, no less than annually, to verify the assets and activity in such accounts. Regardless of whether we are deemed to have custody, your assets must be maintained

in an account at a qualified custodian, generally a broker- dealer or bank.

We generally recommend that our clients use Charles Schwab (FINRA-registered broker-dealer, member SIPC) referred to below as “Recommended Custodian”.

We are independently owned and operated and are not affiliated with any custodian. The custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we suggest that you use the previously mentioned custodian/broker, you will decide whether to do so and will open your account by entering into an account agreement directly with them. We do not open the account for you, although we assist you in doing so. Even though your account is maintained at a particular custodian, we can still use other brokers to execute trades for your account as described below (see Your Brokerage and Custody Costs below).

### **How We Select Brokers/Custodians**

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate prices they charge you
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see *“Products and Services Available to Us From Custodian”*)

Because we consider all the above factors in our selection of recommended Custodians, you may not receive the lowest possible commission rate or fee for a particular transaction on a particular day. Our annual “best execution” review considers many factors as noted above and seeks to ensure the best overall arrangement for the cost of brokers’ services and trade execution – over many trades and over time – for the majority of clients. As a fiduciary, DRR is required to act in its clients’ best interests, however our recommendation that clients maintain their assets in accounts at a preferred custodian may be based in part on the benefit to DRR of the availability of some products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

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

For our clients’ accounts that a Recommended Custodian maintains, the Custodian generally does not charge you separately for custody services but is compensated by charging you commissions

or other fees on trades that it executes or that settle into your account. Commission rates are reviewed no less than annually as part of our review of custodians and broker dealer services (“best execution review”). In addition to commissions, our Recommended Custodians generally charge you 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 account at the Custodian. These fees are in addition to the commissions or other compensation you pay the executing broker- dealer. Because of this, in order to minimize your trading costs, we have the Custodian where your account is held execute most trades for your account. We have determined that having the Custodian where your accounts are held execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Brokers/Custodians above).

The following is a more detailed description of support services we receive from one or all of our Recommended Custodians:

#### *Services That Benefit You*

Our Recommended Custodian’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 the Custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

#### *Services That May Not Directly Benefit You*

Our Recommended Custodians also make 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 the Custodian’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at a Recommended Custodian. In addition to investment research, our Recommended Custodians also make available software and other technology that:

- Provide us with access to your 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
- Assist with back-office functions, recordkeeping, and client reporting

#### *Services That Generally Benefit Only Us*

Our Recommended Custodians also offer other services and software intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

- Access to employee benefits providers, human capital consultants, and insurance providers

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

### **Recommended Custodians - Products and Services Available to Us**

They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to retail customers. They also make available various support services. Some of those services help us manage or administer your accounts, while others help us manage and grow our business. Support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us if our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. Currently our assets maintained at Schwab are nearly \$280 million.

### **Our Interest in Custodian Services**

The availability of these services from our custodian benefits us because we do not have to produce or purchase them. The benefits we receive, that you may also benefit from, may give us an incentive to recommend that you maintain your account with them, based on our interest in receiving services that benefit our business rather than based solely on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of custodians and brokers is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of services (see How We Select Brokers/Custodians above) and not services that benefit only us. The fact that we need \$10 million at Schwab to avoid paying fees, we do not believe that this is a material conflict of interest.

### **Soft Dollars**

Section 28(e) of the Securities and Exchange Act of 1934 provides a "safe harbor" to investment advisers who use "commission dollars" of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. As noted above in our Brokerage Practices section, we occasionally receive services provided free of charge from custodians and or investment providers that generally used to further our business enterprise. The non-cash items we receive could take the form of fee waivers at conferences, consulting services provided by employees of the firms, etc. These types of "soft dollars" do not fall within the provisions of 28(e). We use commission dollars to pay only for products and services we reasonably believe fall within the safe harbor of 28(e).

We may receive allocations of soft dollar credits from custodians that may be used to offset the cost of research provided by them. You do not incur higher costs because of these allocations, and such allocations are not a material consideration when a particular custodian is selected or recommended to you. While we generally recommend Schwab, clients may choose to use service

providers other than those recommended by us.

Our relationships with custodians that provide soft dollar services may influence our judgement and create conflicts of interest in choosing a custodian. We may have an incentive to select or recommend a custodian based on our interest in receiving soft dollar services. These conflicts of interest are particularly influential to the extent that we use soft dollars to pay expenses we would otherwise be required to pay ourselves.

We acknowledge these conflicts of interest. We evaluate, at least annually, the trade execution and other services that we and our clients receive from the custodian (our “Best Execution” review, discussed above. Soft dollar benefits are used across DRR for the benefit of all clients and are not limited to clients that may have generated such benefit.

### **Valuation**

We will value securities in your accounts that are listed on a national securities exchange or on NASDAQ at the last quoted sales price on the principal market where the securities are traded. We receive this information from your qualified custodian and/or independent third-party pricing services.

Currently, we do not hold any private investments for our clients. Since all investments are public and on exchanges, they are able to be valued as described above.

### **Brokerage Trading**

We are not a broker-dealer. We rely on the custodian of your securities to execute transactions on your behalf. Because of this fact we must instruct the custodian of the securities to execute any transactions you provide to us. We will only accept verbal instructions given to a live person, not via voicemail or email. We will follow up with a confirmation via a phone call or email. We can't ensure and do not warrant the timing of receipt of such directions or the timeliness of execution of such transactions by the custodian. As a result, you may receive less favorable prices for the transaction than if you had given the instructions directly to the custodian.

### **Trade Errors**

From time-to-time, we may make an error in submitting a trade order. When this occurs, we will correct the trade in one of two ways, described more fully below, depending on the facts and circumstances associated with the trade error itself and the time we discover the error. We attempt to minimize trade errors by promptly performing electronic reconciliation procedures with order tickets and intended orders, and by reviewing past trade errors to understand whether internal control breakdowns, if any, caused the errors. Trading errors will be corrected at no cost to you.

Broker-dealers are not permitted to assume responsibility for trade error losses caused by us. Nor may there be any reciprocal arrangements with respect to the trade in question or any subsequent trade to encourage the broker to assume responsibility for such losses.

In most cases, we will correct trade errors via the executing broker-dealer's trade error desk. This process effectively cancels the original trade and replaces it with the correct trade by moving the original trade into our omnibus account and putting the correct trade into your account. In other words, the original trade is removed from your account and has no impact on you. If there is a cost



associated with the correction, such cost is borne by us. Note that we do not credit accounts for market losses unrelated to error. Occasionally, this method of correcting an error results in a gain when the cost of the correct trade is lower at the time of correction than it would have been when originally placed. Because the gain occurs in our omnibus account, we do not credit such gains to your account. Depending on the rules and procedures at the executing broker-dealer, the gains and losses are either reconciled by the custodian within our trade error settlement accounts, or the gross amount of the gains are donated to charity and the losses are entirely borne by us.

Depending on the facts and circumstances, we may correct an error by placing a new trade rather than cancelling the original trade. If this method of correction results in a gain, such gain is retained by you since the error correction occurs directly in your account. You will then be responsible for any taxes and/or trading costs associated with this additional trade. Since any trade error losses are covered by us, we generally do not correct errors that would result in a loss by placing an additional trade but rather we would cancel the original trade as described above.

We will reimburse accounts for losses resulting from trade errors, but will not credit accounts for market losses unrelated to its error, or its error resulting in market gains. The gains and losses are reconciled by the custodian within our trade error settlement accounts.

### **Trade Order Aggregation**

We will aggregate purchases where possible to increase efficiency, consistency and timeliness. In most cases, investment transactions are implemented by client. Each client's portfolio is customized.

### **Directed Brokerage**

If you restrict us to using a particular broker-dealer (or direct us to use a particular broker-dealer) for executing transactions, you will generally be unable to participate in aggregated orders and will be precluded from receiving the benefits, if any, of an aggregation which other clients may receive. We will generally execute aggregated orders for "non-directed" clients (those who use our recommended custodians noted above) before we execute orders for clients that direct brokerage. We may also execute trades for non-directed clients through the same broker-dealer to which other client's direct brokerage.

Under certain circumstances, you may receive different pricing for the same security on the same day compared to pricing received by another client in order to accommodate your needs or another client's specific needs or instructions to us.

## **Item 13 | Review of Accounts**

We review your accounts regularly based on our review of market conditions and your specific situation. We continually monitor the general conditions in the stock and bond markets. Situations that generally would trigger a review of your accounts are a change in your specific situations of which we are made aware of, a change in the general conditions of the stock and bond markets and a change to an investment that you own. A Partner of the firm reviews accounts.

Our general practice is to provide you with quarterly investment monitoring reports (electronically in most cases). The preparation of the quarterly report involves numerous checks and is ultimately reviewed by a Partner of the firm. It is your responsibility to review the reports when they are made available to you, and we encourage you to bring any questions about the reports and/or your fees to our attention.

More in depth reviews are triggered by events like big changes in your financial circumstances and significant changes in conditions in the stock and bond markets, such as large price movements, big economic surprises and abnormal or unusual trading volumes. Reviews of your accounts are also triggered by significant changes in the management or policies of other investment vehicles, such as mutual funds or individual securities. These in-depth reviews can also be triggered by a request for cash from your account, a large deposit of cash into your account, or an adjustment to your portfolio recommended during certain market conditions. To properly execute this type of a request our normal and expected procedure is to consider tax, estate planning, and trading issues amongst other factors prior to executing transactions. This careful consideration may take a few days and there is a risk of markets rising or falling during this time.

Financial Planning may be reviewed at various times in our relationship. The exact process will depend on the nature of our relationship. Reports are prepared for you for financial planning services on an “as needed” or “as requested” basis.

Your accounts are reviewed to confirm that the recommendations we make, and your investment plans are consistent with your financial goals. Periodic on-going reviews are conducted on an “as needed” basis depending on your needs and the nature of the financial issue. We expect to meet with you at least once annually as well as have other contact by voice or email more frequently throughout the year.

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

We often receive referrals from our existing clients as well as from other professional service providers, such as lawyers and accountants. While this might provide an incentive for us to discount fees for clients who refer business to us, it is our strict policy not to do so. Referrals from other professional service providers could cause us to want to return the referrals, however we are careful to refer our business, and that of our clients, in as unbiased a way as possible. We therefore frequently provide multiple names when asked for referrals to professional service providers. None of these individuals or firms are compensated in any way for providing client referrals.

## **Item 15 | Custody**

You should receive statements, at least quarterly, from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to the information we provide to you such as our quarterly performance reports. Our statements may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We encourage you to ask questions about any discrepancies that you identify.



## Item 16 | Investment Discretion

### **Discretionary Investment Management**

We prefer to receive discretionary authority from our clients at the outset of an advisory relationship. This authority makes us responsible for selecting the identity and amount of securities to be bought or sold in your accounts. In all cases, however, such discretion is exercised in a manner consistent with your stated investment objectives. You will need to execute a limited power of attorney to permit us to trade in your accounts.

When selecting securities and determining amounts to buy or sell, we observe your investment objective, limitations and restrictions that you and we have discussed and agreed upon.

It is your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives. It is necessary that you keep us promptly informed about changes in your financial circumstances for the purpose of reviewing, evaluating, and/or revising our previous recommendations to you.

Because we manage more than one account and have many clients with varying circumstances, there may be conflicts of interest over time devoted to managing any one account and allocating investment opportunities among all the accounts we manage. For example, we may select investments for a particular client based solely on the investment strategy being pursued for that client. Different clients may have differing investment strategies and expected levels of trading. We may buy or sell a security for you but not for another client or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. We attempt to resolve all such conflicts in a manner that is generally fair to all our clients. We may give advice to, and take action on behalf of, any of our clients that differs from the advice given to another client so long as it is our policy, to the extent practicable, to allocate investment opportunities to our clients fairly and equitably over time. We are not obligated to acquire for any account any security that we may acquire for our own accounts or for any other client, if in our absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

We may provide investment management services with respect to assets held in your 401k, deferred compensation, and/or 529 Plan accounts with various mutual fund companies. Because we might be responsible for effecting the transactions in these accounts and/or reporting investment performance, we might request your username and password that permits online access to the account for informational purposes only. We may also use third-party data aggregators to obtain this information. It is our policy not to accept usernames and password credentials that would permit us to withdraw funds or would otherwise cause us to have custody under government regulations.

### **Non-Discretionary Investment Management**

Non-Discretionary investment management is similar to discretionary management in many respects, except that we are not given a limited power of attorney by you that permits us to trade securities on your behalf. This will impact the timing and logistics of implementing any advice we may give you in as much as you will be responsible for effecting the transaction with the custodian

and/or broker, and this could result in adverse pricing in comparison to a discretionary client trading the same security(ies) on the same day.

It is your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives. It is necessary that you keep us promptly informed about changes in your financial circumstances for the purpose of reviewing, evaluating, and/or revising our previous recommendations to you.

Because we manage more than one account and have many clients with varying circumstances, there may be conflicts of interest over time devoted to managing any one account and allocating investment opportunities among all the accounts we manage. For example, we may select investments for a particular client based solely on the investment strategy being pursued for that client. Different clients may have differing investment strategies and expected levels of trading. We may buy or sell a security for you but not for another client or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. We attempt to resolve all such conflicts in a manner that is generally fair to all our clients. We may give advice to, and take action on behalf of, any of our clients that differs from the advice given to another client so long as it is our policy, to the extent practicable, to allocate investment opportunities to our clients fairly and equitably over time. We are not obligated to acquire for any account any security that we may acquire for our own accounts or for any other client, if in our absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

Whether we are engaged to provide discretionary or non-discretionary investment management, we are never given authority to change or amend your investment objective, nor your selected asset allocation. You will always retain control over such critical decisions that guide our advice to you.

## Item 17 | Voting Client Securities

As a matter of firm policy and practice, we do not, vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding the voting of proxies in special circumstances; however, we shall not be deemed to have voting authority with respect to such shareholder matters as a result of providing such advice even if you have instructed the custodian or broker dealer to deliver such issuer communication directly to us.

We will assist you with the election into class actions only when requested even if you have instructed the custodian or broker dealer to deliver such issuer communication directly to us. When advising you, we will assess any potential recovery against the cost to comply with the rules of the class action and advise you accordingly. Any general or specific class action election guidelines provided by you or your designated agent in writing will supersede this policy.

With regard to all matters (other than proxies) for which shareholder action is required or solicited with respect to securities beneficially held in clients' accounts, such as (i) all matters relating to class actions

## Item 18 | Financial Information

Registered Investment Advisors are required, under certain conditions, to provide you with financial information or disclosures about our financial condition. We do not meet the required conditions for disclosure.

With that being said, we have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.