

Form ADV Part 2A: *Firm Brochure*

Item 1 – Cover Page

Channel Investment Partners LLC

Client Meeting Location:
4601 North Fairfax Drive, Suite 1200
Arlington, VA 22203

Principal Office and Place of Business:
Private Residence
Arlington, VA 22207

Contact Information:
Phone Number: 571-721-1952
<http://www.channelinvestmentpartners.com>

Date of Disclosure Brochure: February 2021

This disclosure brochure provides information about the qualifications and business practices of Channel Investment Partners LLC (also referred to as we, us and Channel Investment Partners throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Matthew Duch at 571-721-1952 or matt@channelinvestmentpartners.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Channel Investment Partners is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for Channel Investment Partners LLC or our firm's CRD number 308031.

*Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

Since filing the initial edition of the Form ADV Part 2A: *Firm Brochure*, we have updated Item 4 to reflect \$26,274,344 of regulatory assets under management as of January 31, 2021.

We have increased our standard fee schedule for *Asset Management Services* by five basis points per tier. The following is the new fee schedule. See Item 5 for more information.

<u>Assets Under Management</u>	<u>Annual Fees</u>
\$0 – \$10,000,000	0.45%
\$10,000,001 – \$25,000,000	0.40%
\$25,000,001 and Above	0.35%

We have also updated Item 14 to disclose relationships with third-party parties that are paid to refer clients to our *Asset Management Services* program. Disclosure has also been included to explain we have written agreements with third-party financial professionals to market the Channel Short Duration Income Fund (CPSIX).

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes, as necessary.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Introduction	4
Description of Advisory Services	4
Specialization	7
Limits Advice to Certain Types of Investments	7
Tailor Advisory Services to Individual Needs of Clients	7
Client Assets Managed by Channel Investment Partners	8
Item 5 – Fees and Compensation	8
Investment Company Management Services	8
Asset Management Services	8
Investment Model Consulting Services	10
Item 6 – Performance-Based Fees and Side-By-Side Management	10
Item 7 – Types of Clients	11
Minimum Investment Amounts Required	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	11
Methods of Analysis	11
Investment Strategies	13
Primarily Recommend One Type of Security	14
Risk of Loss	14
Item 9 – Disciplinary Information	15
Item 10 – Other Financial Industry Activities and Affiliations	15
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	15
Code of Ethics Summary	15
Affiliate and Employee Personal Securities Transactions Disclosure	16
Item 12 – Brokerage Practices	16
Client Directed Brokerage Accounts	17
Block Trading Policy	18
Item 13 – Review of Accounts	18
Account Reviews and Reviewers	18
Statements and Reports	18
Item 14 – Client Referrals and Other Compensation	19
Item 15 – Custody	19
Item 16 – Investment Discretion	20
Item 17 – Voting Client Securities	20
Item 18 – Financial Information	21
Customer Privacy Policy Notice	21

Item 4 – Advisory Business

Channel Investment Partners is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Virginia.

- M. Matthew Duch is the Chief Compliance Officer (CCO), Managing Member, President and Chief Investment Officer of Channel Investment Partners. M. Matthew Duch controls 100% of Channel Investment Partners LLC.
- Channel Investment Partners has been registered as an investment adviser since April 2020.

Introduction

The investment advisory services of Channel Investment Partners are provided to you through an appropriately licensed individual who is an investment adviser representative of Channel Investment Partners (referred to as your investment adviser representative throughout this brochure).

Description of Advisory Services

The following are descriptions of the primary advisory services of Channel Investment Partners. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Channel Investment Partners before we can provide you the services described below.

Investment Company Management Services – Channel Investment Partners offers investment advisory services by serving as investment adviser to the Channel Short Duration Income Fund (CPSIX), also referred to as “the Fund” throughout this brochure, which is registered as an investment company under the Investment Company Act of 1940.

We serve as the investment adviser to the Fund to provide investment advice and management services to the Fund.

Ultimus Fund Solutions serves as the Fund’s administrator, transfer agent, fund accountant and service provider. Our personnel are not responsible for selecting the Fund’s distributor and qualified custodian.

The Fund is the sole registered investment company client of Channel Investment Partners and an open-end mutual fund domiciled in the United States. We maintain limited power of attorney to act on a discretionary basis when managing the Fund. Channel Investment Partners is responsible for investment selection, asset allocation, and asset management decisions (trading and overall portfolio allocation decisions) regarding the Fund.

We are responsible for communicating strategy commentary and performance attribution to the Fund’s shareholders (i.e. investors). We are also involved in seeking new investors to the Fund with the intent of growing the Fund’s overall assets. This will include the development and distribution of pitch presentation, market commentary, and other strategies designed to provide investors and potential investors with information about the Fund.

Channel Investment Partners has an incentive and inherent conflict of interest to recommend and favor the Fund for the following reasons:

- Channel Investment Partners is the investment adviser to the Fund and receives a management fee for its services. Please refer to *Item 5* of this Brochure for a description of our fees. Increases in Fund assets will result in increases in the management fee paid to Channel Investment Partners.
- We provide the Fund with certain administrative services and personnel needed to fulfill our obligations as the investment adviser.

To control for this conflict of interest, the Fund will not serve as an investment option for our *Asset Management Services* (described below) clients and we will not purchase shares of the Fund in accounts managed through *Asset Management Services*. However, the Fund will be open to any investor meeting the Fund's minimum investment levels.

Asset Management Services – Channel Investment Partners offers *Asset Management Services*, which involves Channel Investment Partners providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You can impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts can arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Retirement Plan Rollover Recommendations - To the extent we recommend you roll over your account from a current retirement plan to an individual retirement account ("Rollover IRA"), managed by Channel Investment Partners please know that Channel Investment Partners and our investment adviser representatives have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to a Rollover IRA managed by Channel Investment Partners. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to a Rollover IRA managed by Channel Investment Partners.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to a Rollover IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. we have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Channel Investment Partners receiving unreasonable compensation related to the rollover of funds from the retirement plan to a Rollover IRA, and (iii) fully disclose compensation received by Channel Investment Partners and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to a Rollover IRA and refrain from making any materially misleading statements regarding such rollover.

Our investment advisor representatives shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Channel Investment Partners or our affiliated personnel.

Investment Model Consulting Services – Our *Investment Model Consulting Services* involve providing trade signals to assist with the development of appropriate investment options for clients managing their own portfolios. We have the ability to provide weekly, monthly and/or quarterly reports containing recommended securities holdings along with recommendations to buy or sell such securities. The number and frequency of reports and updates will be agreed upon with each client.

Clients will have final authority and responsibility to accept or reject all investment recommendations provided by our firm and will then be responsible for making investment changes to or placing trades in their accounts.

Provide delivery of model portfolios for clients to replicate in their own accounts subject to their review and approval. For accounts less than \$10,000,000 we provide models comprised of ETF sector allocations. For accounts greater than \$10,000,000 we provide models comprised of individual security holdings.

Our *Investment Model Consulting Services* do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole

responsibility for determining whether to implement our recommendations. To the extent that you would like to implement any of our investment recommendations through Channel Investment Partners or retain Channel Investment Partners to actively monitor and manage your investments, you must execute a separate written agreement with Channel Investment Partners for our *Asset Management Services*.

Specialization

Channel Investment Partners specializes in developing investment models and portfolio management solutions using bonds and other fixed income solutions.

Limits Advice to Certain Types of Investments

Channel Investment Partners provides investment advice on the following types of investments:

- U.S. Government Securities,
- Corporate Debt Securities,
- Municipal Securities,
- Other Bond and Fixed Income Positions,
- Exchange and Over-the-Counter Traded Equities (e.g. stocks),
- Securities Properly Exempt from Registration (e.g. hedge funds and other private funds)
- Mutual Funds and Exchange Traded Funds (ETFs). We primarily recommend and utilize fixed income mutual funds and ETFs.

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

When providing asset management services, Channel Investment Partners typically constructs each client's account holdings using bond and other fixed income securities to build diversified portfolios. It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Tailor Advisory Services to Individual Needs of Clients

Our *Investment Company Management Services* are based solely upon the requirements of the Fund and are not based upon any specific requirements of an investor within the Fund. The current investment objective of the Fund is total return, comprised of both income and capital appreciation.

Specific to our *Asset Management Services*, Channel Investment Partners' advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client accounts through our firm's *Asset Management Services* program, we can manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

Our *Investment Model Consulting Services* are always implemented using recommendations consistent with the underlying model and not customized, individual portfolio recommendations.

Client Assets Managed by Channel Investment Partners

As of January 31, 2021, Channel Investment Partners has \$26,274,344 of regulatory assets under management. The entire amount is managed on a discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Channel Investment Partners.

Investment Company Management Services

Channel Investment Partners is paid an annual fee of 0.40% based on the amount of assets held in the Fund. The annual fee is divided and paid quarterly in arrears based on the average daily balance of the Fund. Channel Investment Partners believes that its fees are competitive with those fees charged by other investment advisers for comparable services; however, fees of Channel Investment Partners may be higher or lower than fees charged by other investment advisers.

In addition, shareholders will pay other annual fund operating expenses such as distribution and service (12b-1) fees, shareholder servicing plan fees, acquired fund fees and expenses, and certain other fees ("Annual Fund Operating Expenses").

The Fund's Board of Directors has selected Unified Financial Securities, LLC, member FINRA/SIPC, to serve as broker/dealer to the Fund responsible for executing all securities transactions. As broker/dealer, Unified Financial Securities, LLC, member FINRA/SIPC, will receive typical and normal brokerage compensation. We do not lower or offset our management fee by the amount of compensation received by Unified Financial Securities, LLC, member FINRA/SIPC. Payment to Unified Financial Securities, LLC, member FINRA/SIPC will come from the Annual Fund Operating Expenses.

Asset Management Services

Fees charged for our *Asset Management Services* are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset

management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

Fees charged for our *Asset Management Services* are negotiable based on the type of client, the complexity of the client's situation, the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

For our *Asset Management Services*, client will be charged the following annual fee based upon the amount of assets under management:

<u>Assets Under Management</u>	<u>Annual Fees</u>
\$0 – \$10,000,000	0.45%
\$10,000,001 – \$25,000,000	0.40%
\$25,000,001 and Above	0.35%

(This is **not** a “blended” annual fee schedule in which each tier of assets is charged a different rate under the annual fee schedule creating the effect of a blended fee rate used at the time of billing. Under our fee schedule described above, only one rate is charged against all of the client's assets under management in this program.)

Channel Investment Partners believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Brokerage expenses and/or transaction fees charged by the qualified custodian are billed directly to you by the qualified custodian. Channel Investment Partners does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you will incur certain charges imposed by third parties other than Channel Investment Partners in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Channel Investment Partners are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Asset Management Services continue in effect until terminated. You may terminate the services by providing Channel Investment Partners with notice. Channel Investment Partners may terminate the services by providing you with written notice effective 30 days after you receive the written notice. When fees are billed in arrears, Channel Investment Partners will prorate the final fee payment based on the

number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

Investment Model Consulting Services

Fees charged for our *Investment Model Consulting Services* are charged based on a percentage of assets under advisement, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for services commenced at any time other than the beginning of the billing period. If Investment Model Consulting Services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

- The standard annual fee for Investment Model Consulting Services is 0.25%.

Fees are negotiable based on the type of client, the complexity of the client's situation, anticipated expenses incurred by Channel Investment Partners, and amount of client assets.

There is a minimum account size of \$25,000.

Channel Investment Partners believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

You will pay our firm upon receipt of a billing notice sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for our services will be due immediately upon receipt of the billing notice.

Brokerage expenses and/or transaction fees charged by the qualified custodian are billed directly to you by the qualified custodian. Channel Investment Partners does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you will incur certain charges imposed by third parties other than Channel Investment Partners in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Channel Investment Partners are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Investment Model Consulting Services continue in effect until terminated. You may terminate the services by providing Channel Investment Partners with notice. Channel Investment Partners may terminate the services by providing you with written notice effective 30 days after you receive the written notice. When fees are billed in arrears, Channel Investment Partners will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

Item 7 – Types of Clients

Channel Investment Partners generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Banks or thrift institutions
- Investment companies
- Pension and profit-sharing plans
- Other pooled investment companies (e.g. hedge funds)
- State or municipal government entities
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above
- Insurance companies, Other investment adviser firms,

You are required to execute a written agreement with Channel Investment Partners specifying the particular advisory services in order to establish a client arrangement with Channel Investment Partners.

Minimum Investment Amounts Required

There are no minimum investment amounts or conditions required for establishing an account managed by Channel Investment Partners through our *Asset Management Services*.

There is a minimum account size of \$25,000 for our *Investment Model Consulting Services*.

However, all clients are required to execute an agreement for services in order to establish a client arrangement with Channel Investment Partners.

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

Methods of Analysis

Channel Investment Partners uses the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Relative Value Pricing – Relative value is a method of determining an asset's worth that takes into account the value of similar assets. This is in contrast with absolute value, which looks only at an asset's intrinsic value and does not compare it to other assets. The price-to-earnings ratio (P/E ratio) is a popular valuation method that can be used to measure the relative value of stocks.

Value investors examine the financial statements of competing companies before deciding where to invest their money. They look at relevant footnotes, management commentary, and economic

data to assess the stock's value relative to its peers.

The primary flaw of relative valuation is that it may condemn investors to making the best of a bad situation. When limited to a single asset class, relative valuation can do little more than reduce losses in extreme circumstances. For example, value funds generally did much better than the S&P 500 during the 2000-2002 bear market. Unfortunately, most of them still lost money.

Investment Strategies

Channel Investment Partners uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Value-investing. This strategy attempts to acquire at reasonable valuations publicly traded businesses that can deliver sustainable excess returns. We focus on a long-only strategy. Long term strategies are designed to identify and select investments to be held for multiple years. We will also invest in value oriented special situations with shorter expected holding periods.

Value Investing can be described as a strategy of selecting securities that trade for less than their intrinsic values. Value investors typically seek securities of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in security price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-economic risks, investing in "value traps" i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible. Opportunistic allocations could be overweight or underweight vs. respective benchmarks for periods of time. Tactical allocations seek to capture security mispricing and/or a specific investment thesis or event.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Primarily Recommend One Type of Security

Channel Investment Partners primarily recommends and invests in bonds, including government, corporate, convertible, commercial and residential mortgage, municipal, and zero-coupon, amongst others.

Bonds typically carry less risk than equities. However, bonds are not risk free and carry varying amounts of risk depending on structure, issuer, maturity, etc. We specialize in bond investments and in understanding the risks associated with these investments.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is 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 you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. Interest rate risk can also have a positive or negative impact on bond prices.
- **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. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common 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. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk.** When investing in securities, specifically corporate credit, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Channel Investment Partners is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Channel Investment Partners has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Channel Investment Partners requires its supervised persons to consistently act in your best interest in all advisory activities. Channel Investment Partners imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Channel Investment Partners. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

Channel Investment Partners or supervised persons of the firm buy and sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of Channel Investment Partners that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. As is required by our internal procedures manual, Channel Investment Partners and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to follow applicable state and federal rules and regulations. To mitigate conflicts of interest that can occur when access persons manage their personal accounts at the same time Channel Investment Partners manages client accounts, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot prefer their own interests to that of the client.
- Supervised persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment unless that information is also available to the investing public upon reasonable inquiry.
- Supervised persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Channel Investment Partners.

Any Supervised person not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

If Channel Investment Partners assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at several factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

If we assist you in the implementation of any recommendations, we will recommend, and in some cases require, the use of a particular broker/dealer for your account. Channel Investment Partners will be independently owned and operated and not affiliated with any broker/dealer we recommend/require for managed accounts.

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

While there is no direct linkage between the investment advice given to clients and Channel Investment Partners' selection of a recommended broker/dealer platform, economic benefits are received from the broker/dealer by Channel Investment Partners which would not be received if we did not give investment advice to clients.

These benefits are used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These benefits include but are not necessarily limited to the following.

- Dedicated trade desk that services the program participants exclusively,
- Dedicated service group and an account services manager dedicated to Channel Investment Partners' accounts,
- Access to a real-time order matching system,
- The ability to "block" clients' trades
- Access to balances and position information
- Access to confirmations
- Access to year-end summaries
- The ability to have advisory fees directly debited from client accounts

The benefits received through participation in the broker/dealer platform do not depend upon the amount of transactions directed to or amount of assets managed through the broker/dealer. However, these arrangements are deemed to create a conflict of interest to the extent that we would have to pay for some or all of the research, products and services with "hard dollars" if we were unable to obtain the research, products and services in exchange for commissions in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

Please note that brokerage platforms we recommend may be more expensive than other available platforms and we do not represent or guarantee our recommended platforms are the least expensive in the industry.

Client Directed Brokerage Accounts

Although we recommend, and in some cases, require the use of a specific broker/dealer platform, clients can select the broker-dealer that will be used for their accounts upon our approval and acceptance. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had

not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Channel Investment Partners after effecting trades for other clients of Channel Investment Partners. In the event that a client directs Channel Investment Partners to use a particular broker or dealer, Channel Investment Partners may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Channel Investment Partners to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

Block Trading Policy

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Channel Investment Partners believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Channel Investment Partners uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. Channel Investment Partners will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of securities of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Channel Investment Partners or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Matthew Duch, President, Chief Investment Officer and Chief Compliance Officer, with reviews performed in accordance with your investment goals and objectives.

Statements and Reports

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian.

Item 14 – Client Referrals and Other Compensation

Mutual Fund Marketers

We enter into written agreements with third-party broker/dealers to serve as marketers and wholesalers (referred to as “financial professionals”) for the Channel Short Duration Income Fund (CPSIX). The intent of such agreements is to retain third-party financial professionals for the purpose of providing prospective CPSIX investors with information and materials related to investing in CPSIX and information about Channel Investment Partners that is appropriate and necessary for potential CPSIX investors to evaluate when making a decision to invest in CPSIX. For their marketing efforts, financial professionals are compensated with an on-going fee (or trailing fee) equal to a percentage of the total daily average assets under management held by solicited-investors in CPSIX. Full and complete details regarding these relationships are provided in the CPSIX prospectus and investors are strongly urged to read the prospectus for more information.

Client Referrals

We enter into written agreements with solicitors (referring parties) to refer clients to us. The referral agreements between our firm and referring parties are designed to comply with applicable SEC rules and regulations for solicitor arrangements.

If a referred client enters into an investment advisory agreement with our firm and a referral is paid to the referring party, such fee will be paid as a fixed fee or a percentage of the client advisory fees generated.

Written disclosure in the form of a Solicitor Disclosure Statement which outlines the relationship between our firm and the referring party including specifics of the referral fees paid to the referring party is provided to clients. Every client referred by a referring party must sign a copy of the Solicitor Disclosure Statement upon entering into our investment advisory agreement. The referral fee disclosed to the client will be payable to the referring party for the duration of Channel Investment Partners' advisory relationship with the client, whether or not our investment or trading strategies, or the client's investment objectives, change over time.

Other Compensation

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Channel Investment Partners receives no other forms of compensation in connection with providing investment advice.

Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Channel Investment Partners is deemed to have custody of client funds and securities whenever Channel Investment Partners is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Channel Investment Partners will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Channel Investment Partners is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Channel Investment Partners. When clients have questions about their account statements, they should contact Channel Investment Partners or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

When providing Asset Management Services, Channel Investment Partners maintains trading authorization over your Account and will provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Channel Investment Partners so long as the limitations are specifically set forth or included as an attachment to the client agreement.

The provision of discretionary or non-discretionary authorization along with any limitations will be memorialized within your written agreement with Channel Investment Partners.

Item 17 – Voting Client Securities

Asset Management Services

It is the policy of Channel Investment Partners to vote proxies on behalf of all *Asset Management Services* clients. However, you can choose to retain proxy voting responsibilities on your account(s) and are not required to have us vote proxies.

Proxies will be voted in the overall best interests of our collective client-base. The proxy voting policy of Channel Investment Partners is to cast proxy voting in favor of proposals that are anticipated to enhance the long-term value for the shareholders and the company. Generally, this will mean voting “for” proposals that are to improve the management of a company, increase the rights or preferences of the voted securities, and/or increase the chance that a premium offer would be made for the company or for the voted securities. The decision by Channel Investment Partners to vote in support or opposition of a proposal will always depend on the specific circumstances described in the proxy statement and other available information.

You can request a complete copy of the proxy voting policies and procedures of Channel Investment Partners as well as information on how your proxies were voted by contacting Channel Investment Partners at the address or phone number indicated on Form ADV Part 2A, Page 1 of this disclosure document.

Investment Model Consulting Services

Because our *Investment Model Consulting Services* do not involve managing client accounts and we will not have access to those client accounts, we will have no authorization or ability to vote proxies for clients of our *Investment Model Consulting Services*. You will receive proxies directly from the qualified custodian or transfer agent. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy you can contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. Channel Investment Partners does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Channel Investment Partners has not been the subject of a bankruptcy petition at any time.

Customer Privacy Policy Notice

Regulation S-P, Privacy of Consumer Financial Information, requires financial institutions, including Channel Investment Partners, to provide notice to current clients and prospective clients about their policies and practices concerning the collection and use of customer, non-public information. This privacy policy notice is given to all prospective clients of Channel Investment Partners upon entering into a contract with Channel Investment Partners and annually thereafter.

Privacy Disclosure Statement. A primary goal of Channel Investment Partners is to protect the privacy of its clients. Channel Investment Partners does not sell the personal information of clients to anyone.

To conduct regular business, Channel Investment Partners will collect non-public personal information from clients. This information is provided by clients to Channel Investment Partners on applications and

other forms provided by clients to Channel Investment Partners as well as transactions with the firm or others.

Channel Investment Partners may enter into contracts with outside third parties so that Channel Investment Partners can assist its clients in servicing their accounts. In order to do this, Channel Investment Partners will disclose personal information to companies that help Channel Investment Partners process transactions for client accounts (for example, executing client trades through a broker/dealer). However, Channel Investment Partners does not share or disclose any non-public customer information except as allowed or required by law. In addition to sharing information in order to provide financial services to clients, Channel Investment Partners may be required to disclose personal information to cooperate with regulators or law enforcement authorities, to resolve customer disputes or for risk control.

Information Safeguarding. Channel Investment Partners has implemented strict policies and procedures aimed at protecting the sensitive nature of client information. Channel Investment Partners restricts access to client information to only those members of Channel Investment Partners that must provide products and services to clients in order to service client accounts. Channel Investment Partners has implemented physical, electronic, and procedural safeguards aimed at meeting Channel Investment Partners' duty to protect non-public client information.

If you have any questions concerning Channel Investment Partners' customer privacy policy or concerns about your personal information please feel free to contact, Matthew Duch, President, Chief Investment Officer and Chief Compliance Officer of the firm.

4840-4499-5344, v. 2