

## ITEM 1: FORM ADV PART 2A COVER PAGE

# FIRM BROCHURE

Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of RETURN ADVISORS INC. If you have any questions about the contents of this Brochure, please contact Roberto Estrugo at (917) 495-5376 and/or at [restrugo@gmail.com](mailto:restrugo@gmail.com) 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. RETURN ADVISORS INC is registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made. Additional information about is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## ITEM 2: MATERIAL CHANGES:

Pursuant to SEC Rules, RETURN ADVISORS INC will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of the Firm's fiscal year end, along with a copy of this Brochure or an offer to provide the Brochure.

Additionally, RETURN ADVISORS INC as experiences material changes in the future, it will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please contact Roberto Estrugo at **(917) 495-5376** and/or at [restrugo@gmail.com](mailto:restrugo@gmail.com).

Additional information about the Firm and its investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## OTHER THAN ANNUAL AMMENDMENTS

ITEM CHANGED	PAGE	BEFORE	NOW
Item 1	Page 1	<p><b>"RETURN ADVISORS INC <i>is in the process of being</i> registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.</b></p> <p>Additional information about is also available on the SEC's website at <a href="http://www.adviserinfo.sec.gov">www.adviserinfo.sec.gov</a>"</p>	<p><b>"RETURN ADVISORS INC <i>is</i> registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.</b></p> <p>Additional information about is also available on the SEC's website at <a href="http://www.adviserinfo.sec.gov">www.adviserinfo.sec.gov</a>"</p>
Item 3	Page 3	Item 19: <i>(Left Blank)</i>	<b><i>Item 19: Requirements for State-Registered Advisers Page 14</i></b>
Item 19	Page 14	Item 19: <i>(Left Blank)</i>	<p><b><i>ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS</i></b></p> <p><b><i>A. Formal Education and Business Background.</i></b></p> <p><b><i>B. Other business.</i></b></p>

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## **ITEM 4: ADVISORY BUSINESS**

### **A. Description of Firm**

RETURN ADVISORS INC, (or the “Firm” thereafter) is a New York-based investment management firm founded in 2020. The Firm provides customized investment management services to individuals, high net worth clients, trusts, estates and small businesses. The Firm purpose is to provide all necessary services assisting clients in investment management and financial advisory, determination of financial objectives, portfolio management, identification of the suitability of risk-return opportunities and cash flow management. Some of the investment instruments the firm advises its clientele on include, among other things, mutual funds, exchange traded funds (“ETFs”), equities, bonds, treasuries, options and/or limited partnership interests. Additionally, some of the mutual funds, ETFs or limited partnership interests the Firm recommends to clients may invest in commodities and/or real estate.

The firm is in the process of finalizing but it is not yet registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. The Firm conducts business primarily in New York. It is 100% owned by Roberto Estrugo, the Managing Member, Chief Compliance Officer, and sole owner of the firm.

As used in this brochure, the words “we,” “our,” and “us” refer to Return Advisors Inc, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of the Firm.

### **B. Types of Advisory Services Offered**

#### **1. Investment Management Services**

The Firm offers clients Investment Management Services that encompass not only the traditional asset classes of domestic and foreign fixed income, domestic and foreign equities but can also include alternative asset classes as well.

These services begin primarily conducting a thorough understanding of the client objectives. Based upon this information, the Firm selects the appropriate allocation for the client’s assets. The Firm employs a defined process for each step in the investment management cycle including goal setting and risk-return profiling, asset allocation modeling, investment selection and implementation, and ongoing monitoring and reporting. Depending upon the strategy selected by the Firm and the client, it may invest client assets in various sectors and securities, including but not limited to: mutual funds, ETFs, stocks, bonds, treasuries, private funds and/or real estate investment trusts (“REITs”). Please refer to Item 8 for more information on the Firm investment strategies, methods of analysis and their associated risks of loss.

The Firm will generally manage a client’s investment portfolio on a full discretionary basis and may assist the client in the establishment of the necessary custodial account(s). When exercising its discretionary authority, the Firm will make appropriate purchase, sell and hold decisions as it believes they are needed using the Firm’s asset allocation methodology. In exercising full discretionary authority, the Firm selects, without first obtaining client’s permission, (1) the securities to be bought and sold; and (2) the amounts of securities to be transacted and whether it will be individually or blocked traded.

The Firm discretionary authority may be subject to conditions imposed by the client. This may occur when a client restricts or prohibits transactions in a security for a specific company or for an industry sector, or requests that the Firm place trades with a specific broker-dealer (aka “directed brokerage”). For more information on the Firm’s discretionary authority and brokerage practices please refer to Items 12 and 16. Clients can impose reasonable restrictions on the types of securities, sectors and/or industries they do not want to be included in their portfolio. Such restrictions must be communicated to the Firm in advance and documented in writing. Once this information is gathered initially, each client is responsible for informing the Firm in writing of any changes to these restrictions or to their overall investment objectives.

The Firm does not assume any responsibility for the accuracy of the information provided directly by its clients or the failure of clients to inform the Firm of changes to their investment or financial objectives.

## **2. Other Consulting Services**

Other Consulting Services is financial advice and/or analysis of a specific client objective or situation, as defined and agreed on by the client and the firm in advance. The specific objective or situation may be the evaluation of a specific venture or investment the client wants to consider, or it may be the evaluation of an advisory service offered by another professional organization. Fees for Other Consulting Services are described below under Item 5: Fees and Compensation.

## **C. General Information About the Firm Advisory Services**

### **1. Gathering Individual Client Information**

As explained above, Investment Management Services provided by the Firm are customizable based upon the individual needs, objectives, and other financial goals of the client. Early in the relationship, the Firm along with the client will define among other terms and not limited to each client's investment objectives, risk tolerance, time horizons, liquidity and other important and necessary information, including any investment guidelines, in the client's Investment Policy Statement. This information, together with any other information relating to the client's overall financial circumstances, will be used by the Firm to determine the most appropriate asset allocation and investment strategy to best meet the client's financial goals. There may be times when certain restrictions are placed by a client which prevent the Firm from accepting or continuing to service the client's account. The Firm reserves the right to not accept and/or terminate a client's account if it feels that the client-imposed restrictions would limit or prevent it from meeting and/or maintaining its objectives.

### **2. Advisory Agreements**

The Firm will not assume any responsibility for the accuracy of the information provided by the client. The Firm is not obligated to verify any information received from the client or from the client's other professionals (*e.g.*, attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying the Firm in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. If a client notifies the Firm of changes in the client's financial circumstances, the Firm will review such changes and may recommend revisions to the client's portfolio.

Prior to engaging into providing investment advisory services, the Firm will require the client to enter into a written agreement with setting forth the fees to be charged and the terms and conditions under which it will render its services. The Firm will provide a Brochure and one or more Brochure Supplements to each client or prospects prior to or contemporaneously with the execution of a Client Agreement. The advisory relationship will continue until terminated by the client or by the Firm in accordance with the provisions of these agreements.

## **D. Wrap-Fee Programs**

The Firm does not provide portfolio management services to any wrap fee programs, as that term is defined in the instructions to Form ADV Part 2.

### **E. Assets Under Management**

At present the Firm does not hold assets under management. The best estimate date is that it will initiate operations as soon as it gets all necessary approval from the regulators. The Firm has not made any commitments to prospects; however, it expects to reach between \$10 to \$20 million in asset under management within its first year of operation.

## **ITEM 5: FEES AND COMPENSATION**

### **A. Advisory Fees**

Prior to engaging into the advisory services, the client will be required to enter into a written agreement with the Firm setting forth the terms and conditions and the fees under which it will render its services. Fees may be subject to negotiation under certain circumstances as agreed on by the Firm and the client. The following schedule of fees outlines the typical fee structure under which the Firm renders its services. The actual schedule of fees, as it applies to a specific client, will be clearly outlined in the Client Agreement.

The Firm will charge an all-in fee of 0.5% of the total assets under management

### **B. Billing Method**

Fees will be payable by the client on a monthly basis either by check, wire transfer or money as mutually agreed.

### **C. Other Fees and Expenses.**

Clients should be aware that they will be responsible for all fees imposed by the custodian for trading and other related costs, which can include but not be limited to brokerage commissions, transaction costs, custodian fees, transfer fees, redemption fees on short –term investments, cashiering fees and/or taxes or penalties levied by governmental authorities. In addition, the Firm may invest in open-end mutual funds and exchange traded funds in client portfolios. These funds charge fees to their shareholders, which are described in their respective prospectus and usually include a management fee, administrative and operations fees, and certain distribution fees (e.g., 12b-1 fees). These fees are generally referred to as a fund’s “expense ratio” and the fees are deducted at the mutual fund level when calculating the fund’s net asset value (“NAV”) and have a direct bearing on the fund’s performance. Certain mutual funds also charge an up-front or back-end sales charge and and/or redemption fees. In addition, some open-end mutual funds offer different share classes of the same fund and one share-class can have a higher expense ratio and sales/redemption fees than another share class. The most economical share class will depend on certain factors, including the amount of time the shares are held by a client and the amount a client will be investing. Mutual fund expense ratios and sales/redemption fees vary by fund, so it is important for clients to read the mutual fund prospectus to fully understand all the fees charged. The Firm will strive to purchase, when available, the lowest cost mutual fund share class for clients. However, there have been times in the past, and can be in the future, when the Firm does not have access to lower costs share classes. This mainly happens when the client’s custodian does not offer a lower cost share class for some or all the mutual funds bought for and/or held in clients’ accounts, or the investment amount does not meet the share class minimum investment requirement. Transaction fees also play an important role in the overall costs when investing in mutual funds. For example, some broker-dealers will not charge a transaction-based fee on a mutual fund trade, but it will charge a flat “penalty” fee if the shares are sold within a short-term time period. Other fees a client can incur include, but are not limited to, custodian fees, brokerage commissions, transaction fees, sub-advisor fees, cashiering fees and/or taxes/penalties levied by governmental authorities. The Firm does not receive any portion of these fees or expenses and seeks to negotiate and minimize these fees wherever possible. When managing clients’ assets, the Firm takes into consideration the overall costs to a client, and it strives to make transaction decisions that are the most economical for a client based on the then

prevailing facts and circumstances. However, in some situations such as with unexpected cash needs or avoiding capital gain distributions, fees such as short-term redemption fees can be incurred. In these situations, the Firm will endeavor to only incur these fees when it is determined to be in the client's best interest. All fees paid to the Firm for its services are separate and distinct from the fees and expenses outlined above. Importantly, all the fees charged to a client's account lowers the overall performance of the account. Therefore, clients should review all applicable direct and indirect fees charged, including but not limited to custodian fees, transaction fees, fees associated with investments (e.g., mutual funds and ETFs), and advisory fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### **D. Termination of Services**

The Firm bills clients monthly. Either the client or the Firm may terminate the Firm's services without penalty at any time.

#### **E. No Compensation for Sale of Securities**

**The Firm does not accept compensation** for the sale of securities or other investment products.

### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm does not charge performance-based fees (i.e., fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as fees based on the client's assets under management). As described above, the Firm provides its services for a fixed fee, hourly charges (if applicable) and/or based upon a percentage of assets under management, in accordance with SEC Rule 205(a)(1).

### **ITEM 7: TYPES OF CLIENTS**

The Firm provides advisory services primarily to individuals and high net worth individuals, as well as to families, trusts, estates and other business entities. The minimum account size for Investment Management Services is generally \$1,000,000. However, the Firm may accept smaller portfolios or maintain portfolios whose value has fallen below \$1,000,000 at the Firm's discretion.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENTS STRATEGIES AND LOSS RISKS

### A. Methods of Analysis:

- i. **Client Driven Factors:** Rate of Return Target, Risk tolerance, Cash flow needs, time horizon. The Firm is not an accounting or tax expert however, it will do its best to at least identify tax adverse consequences that should be addressed separately the clients' own accounting and tax advisors.
- ii. **Global Macroeconomic Assessment:** The Firm analyzes in a continuous basis, the global macroeconomic factors and follows a strict discipline of observing fundamental macroeconomic figure releases and high frequency leading indicators across developed economies and emerging markets. Special attention is considered to understand Central Banks monetary policies described throughout their press releases and press conferences. Among them and considering the size and impact to the rest of the world, guidelines announced by the Federal Reserve and the ECB are of the most significance. This assessment provides the basic frame where currencies, interest rates yields, credit, inflation, employment, productivity and growth among other macroeconomic indicators will set the path in selecting specific industries, sectors and companies within the portfolio and their specific asset prices.
- iii. **Value at Risk Models:** It is a methodology to allocate risk among assets subject to a fixed risk aversion target. It measures the probability of losing a percentage of the initial investment in a certain period (days, weeks, months, etc.) and can be measured in each amount of dollars at risk. Client should be aware that investing in securities involves risk of loss that they should be prepared to bear.
- iv. **Asset Allocation: Industry, Sector and Company Assessment:** The Firm follows an asset allocation policy based in determining those industries, economic sectors and companies where the risk-return space accommodates the clients' preferences and risk aversion.
- v. **Fundamental Analysis:** The Firm believes in quantitative analysis based on facts derived from macroeconomics, financial, market and company conditions. The Firm does not base its investment analysis on Technical Analysis or any nonfactual data
- vi. **Financial Statements & Earnings Releases**
- vii. **Quantitative Equity Valuation Methods:** Cash Flow, Multiples, Relative Value, Growth modeling
- viii. **Proprietary and third-party Research:** The Firm relies on third party, public non confidential research and news releases that will help its investments decision process.
- ix. **Quantitative Fixed Income Valuation Methods:** Coupon payments, credit risk assessment, credit spreads, Duration and Convexity, Prepayment and Reinvestment Risks
- x. **Credit Rating Reports:** Actively monitoring changes in credit ratings from major credit rating agencies and investment bankers
- xi. **Credit Default Spreads when applicable:** Though not necessarily actively or passively traded for their portfolios, the Firm believes that the close monitoring of these credit markets provides important insights regarding credit risks for some issuers. This information is crucial to determine purchase/sell and or hold credit risk decisions.
- xii. **Relative Value:** The Firm monitors and make investment decisions considering the relative valuation of similar instruments, sectors, industries, size, risks and returns.



## B. Investment Strategies

- i. **Investment Methodology:** The Firm will apply all the tools referred in “Methods of Analysis” above, to frame an Investment Strategy for each client. The Firm will follow a thorough total risk allocation based on Value at Risk models across all assets held. This strategy is dynamic in nature, and as such it is not predefined to a specific percentage of asset classes. Nonetheless, based on the Firm’s monitoring of market conditions and provided that it is in compliance to the client’s objectives, it may determine from time to time that the best asset allocation for a client might be as high as 90% concentration on equities or 90% concentration on fixed income or any combination in between including cash and cash equivalents allocation no higher than 20%. This investment methodology imposes a high liquidity standard for the assets selected which allows to measure market realized volatility.
- ii. **Asset Class Allocation:** The Firm invests the client proceeds mainly in Fixed Income and Equities. From time to time the Firm may use hedges in order to either isolate a specific risk or neutralize adverse market conditions that otherwise may expose the assets under management to avoidable risks of losing principal. No specific proportion of asset classes are predefined.
- iii. **Rebalancing and Attribution monitoring:** The Firm will actively monitor the change in the percentage invested in specific securities respect to the total portfolio in order to keep original allocations whenever the market movements distance from that target. Special attention is given to clarify which securities contribute to any given profit or loss in respect to the rest of the portfolio and whether that was according to the expectations.
- iv. **Other Factors:** The Firm will make the best possible effort to avoid exposure to Political and Regulatory changes that presents difficulty on their forecasts and lack of predictability based on market behavior.
- v. **Risks Considerations:** In assessing the investment strategy and its execution, the Firm will identify, disclose to its clients and avoid whenever possible, without limitation the following risks:
  - a. **Market Risk:** The volatility in the price of a financial instrument at the moment of executing a transaction
  - b. **Liquidity Risk:** The transparency and depth of securities to be traded in a secondary market at regular volume without affecting their valuation or price
  - c. **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
  - d. **Yield curve risk, duration and convexity:** The exposure to variations in value of a fixed income instruments derived from a change in interest rates and how volatile that change can be
  - e. **Prepayment Risk:** The exposure to the event of an Issuer redeeming its obligations earlier than initially defined which may cause a loss if the prepayment price is below the purchased price.
  - f. **Reinvestment Risk:** The event that an investor cannot find the same or higher interest rates upon receiving payment of coupons or principal.
  - g. **Currency Risk:** The volatility in price of any given pair of currencies
  - h. **Sovereign Risk:** The change in perceived credit capacity or any given country issuer
  - i. **Issuer Risk:** The capacity associated to a specific Company to reach its broad financial commitments
  - j. **Default Risk:** The event that an issuer is not able to pay its obligations promptly
  - k. **Credit Risk:** The change in financial conditions of an issuer that can affect its solvency, liquidity or income generation

- l. **Reputational Risk:** The facts related to loosing credibility or lack of public image for any given issuer
- m. **Bankruptcy and or reorganization Risk:** The probability that any given issuer could file bankruptcy
- n. **Diversified and non-diversified risks:** Those market risks that can be reduced by diversifying the assets held in a portfolio. Non-diversified risks are mostly market risks

## ITEM 9: DISCIPLINARY INFORMATION

Registered or prospective investment advisers such as the Firm are required to disclose all material facts regarding any legal or disciplinary event that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. The Firm has not been subject to any such legal or disciplinary event, and thus has no information to disclose with respect to this Item.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither the Firm, nor any member of its management is registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor. The Firm does not have any affiliation with any related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships. The Firm does not receive compensation directly or indirectly from other advisers that creates a material conflict of interest, nor does it have other business relationships with advisers that would create a material conflict of interest.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

- A. **Code of Ethics Summary.** The principals and staff of the Firm have adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Firm owes a duty of loyalty, fairness and good faith towards its clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include: general ethical principles, receipt and giving of gifts, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. We will provide a copy of the Code of Ethics to any client or prospective client upon request.

**B. Participation or Interest in Client Transactions and Personal Trading.** It is the Firm's policy not to enter any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to an advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Neither the Firm nor any of its employees act as general partner in a partnership in which clients are solicited to invest or as an investment adviser to a mutual fund or other investment company that is recommended to clients. Based upon a client's stated objectives, the Firm may, under certain circumstances, recommend the purchase or sale of securities in which the Firm or its affiliates have an interest. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, as part of its fiduciary duty to clients, the Firm and its associated persons will always endeavor to put the interests of the clients first, and at all times are required to adhere to the Firm's Code of Ethics. The Firm's principals and staff may have positions in securities that we also recommend to clients. The Firm's recommendations to clients may differ from client to client, based on each client's unique circumstances. The Firm may also recommend purchase of a security for one client while recommending the sale of that security for another. However, as a fiduciary the Firm aims to act for the benefit of clients and place clients' interests before its own. Client transactions have priority over transactions in securities and other investments of which our principals and staff may own. Principals and staff may participate with clients in block trades. Principals and staff must always adhere to the Firm's Personal Trading Policy. To help mitigate any real or potential conflicts of interest associated with these practices, the Chief Compliance Officer reviews employee trades involving reportable securities each quarter and holding reports annually. The personal trading reviews help ensure that the personal trading of employees does not affect the markets, and that clients of the Firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the transactions generally do not affect the securities markets. It should be noted, that under the Firm's Code of Ethics employees of the Firm are not required to report transactions involving open-ended mutual funds to the Firm's Chief Compliance Officer and some employees may hold outside brokerage accounts consisting of non-reportable securities, which consequently are not subject to the Chief Compliance Officer's quarterly transactions review. Timing of Trade Orders to all trades, for clients, staff and principals must be submitted through the central trading process, in which all orders are submitted together and executed at the market price. This mitigates the potential for favoritism or abuse.

## ITEM 12: BROKERAGE PRACTICES

**A. Selection Criteria.** The Firm's Oversight Committee is responsible for identifying and approving broker-dealers to use in executing trades for client accounts. The committee considers various factors in selecting a broker, including:

- Financial Condition;
- Acceptable record keeping;
- Ability to obtain best price;
- Knowledge of market, securities and industries;
- Commission structure; and
- Reputation and integrity.

The CCO is responsible for periodically conducting a formal review of the firm's custodial relationships.

**B. Research and Other Soft Dollar Benefits.** The Firm does not have any arrangements to receive soft dollar benefits in connection with client securities transactions.

**C. Brokerage for Client Referrals.** The Firm does not have any arrangements to receive client referrals from any broker-dealer or third party. Additionally, and as explained more fully in Item 14 below, the Firm does not currently nor in the past, give or receive economic benefits for referring or referred clients.

**D. Directed Brokerage.** The Firm does not require clients to execute transactions through a specified broker-dealer. Clients should be aware that, in the event a client directs the brokerage to be used for transactions, the Firm may be limited in our ability to negotiate commissions, obtain volume discounts, or best execution in some transactions. Clients may pay higher transaction costs as a result of a broker-directed account by a client.

**E. Aggregation of Orders.** The Firm may aggregate ("block trade") sale and purchase orders with other client accounts that have similar orders being made at the same time under the management of the Firm, if in the Firm's judgment aggregation is reasonably likely to result in an overall economic benefit to the client. Such benefits may include better transaction prices and lower trade execution costs. If all aggregate orders do not fill at the same price, the Firm may cause the client and each similar order to pay or receive the average prices at which the orders were filled. If such orders cannot be fully executed under prevailing market conditions, the Firm may allocate the securities traded among clients and each similar order in a manner which it considers equitable, taking into account, the size of the order placed, the client's cash position, investment objective of the account, size of the order and liquidity of the security.

## ITEM 13: REVIEW OF ACCOUNTS

**A. Review of Accounts and Reviewers.** The Firm's managed accounts are reviewed on a periodic basis, regarding the overall asset allocation of the portfolio and considering the client's Investment Policy Statement. The Review triggers for our reviews are explained below. Reviews are conducted by the Firm's CCO.

**B. Review Triggers.** The Firm's managed accounts are reviewed regarding the overall asset allocation of the portfolio and considering the client's Investment Policy Statement. Triggers for investment reviews include:

- Deposits or withdrawals
- Changes in the firm's investments as determined by the investment committee
- Changes in the client's situation or in the client's objectives
- Re-balancing of accounts.

**C. Regular Reports.** The Firm typically sends written quarterly reports to all Investment Management Services clients. The reports include Investment Portfolio Holdings Summaries and Performance Reports. For accounts, assets or other investments that a client does not want to be actively managed by the Firm, it will not generally provide performance reports for these "Unmanaged" accounts, assets or other investments. Additionally, the Firm may not provide holding summaries for all client accounts. Clients are urged to carefully compare statements sent by the Firm with statements sent by other third parties, such as those sent by the client's custodian.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

In general, it is the Firm's policy that we do not pay referral fees to independent persons or firms ("Solicitors") for introducing clients. The Firm has not had Solicitors in the past nor has any current arrangement of this nature. However, it is possible that in the future the Firm may subscribe a referral arrangement on a case-by-case basis. If the Firm pays a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (the Firm Disclosure Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of the Firm's practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral relationship. It is the Firm's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## ITEM 15: CUSTODY

All client assets are maintained with an independent qualified custodian. Furthermore, clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the quarterly statements provided by the Firm. The Firm's statements may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We do not accept "Standing (SLOA)" authorization from clients.

## ITEM 16: INVESTMENT DISCRETION

- A. Discretionary Authority.** Unless otherwise agreed in writing, the Firm will have Full Discretionary Authority since inception of the client relationship. In exercising its discretionary authority, the Firm can determine the type, time and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon, as outlined in the client's Investment Policy Statement. In addition, the Firm's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on the Firm's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be communicated to in writing.
- B. Limited Power of Attorney.** By signing the Client Agreement, clients authorize to exercise discretionary authority with respect to all Investment Management Service transactions involving the client's account (excluding any assets or accounts that are designated as "Unmanaged" per client direction). Pursuant to such agreement, the Firm is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account. This limited power of attorney authorizes the Firm to give

instructions to third parties for servicing client's account. Clients should note that for all "Unmanaged" accounts or assets, the Firm will not exercise discretionary authority and, importantly, will not take responsibility for the suitability of these investments as they relate to the client's investment objectives.

## **ITEM 17: VOTING CLIENT SECURITIES**

The Firm's policy and practice is to not vote proxies on behalf of its clients and therefore, the Firm shall have no obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, clients retain the responsibility for receiving and voting all proxies for securities held within the client's account. While employees may answer client questions regarding proxy voting matters to assist the client in determining how to vote the proxy, the final decision of how to vote the proxy rests with the client. The Firm shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. For ERISA clients requiring the Firm to vote proxies, we may agree to do so on a case-by-case basis, at our sole discretion. Firm's proxy voting policy requires to vote proxies in the best interest of our clients. We reserve the right to charge an additional fee. We will record each proxy vote that we make and relay each to the client in timely fashion.

## **ITEM 18: FINANCIAL INFORMATION**

The Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Furthermore, the Firm does not have any financial commitments that may impair its ability to meet contractual and/or fiduciary obligations to clients. Finally, the Firm has not been the subject of a bankruptcy proceeding.

## **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

- C. Formal Education and Business Background.** Please see a detailed description on **ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**: page #2 of the FORM ADV PART 2B COVER PAGE BROCHURE SUPPLEMENT
- D. Other business.** Neither the firm nor its Principal is involved in any other type of business activity other than giving investment advice.