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FORM ADV Part 2A

*MIDDLETON & COMPANY, INC.*

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March 19, 2021

This Brochure provides information about the qualifications and business practices of Middleton & Company, Inc. If you have any questions about the contents of this Brochure, please contact Maria McCormack, Chief Compliance Officer, at 617-502-6423 or [maria.mccormack@middletonco.com](mailto:maria.mccormack@middletonco.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.

Middleton & Company, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Middleton & Company, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 - Material Changes

### ***Material Changes Since the Last Update***

This Item 2 provides a summary of any material changes to the disclosure in Middleton & Company, Inc.'s Brochure subsequent to our last annual update. A copy of this summary of material changes or Middleton & Company, Inc.'s complete Brochure will be delivered annually to each client. In addition to the annual update, we may provide you with a revised Brochure to inform you of certain material changes or new information as required by the SEC.

Since the last annual update on March 24, 2020, there have been no material changes to this Brochure.

### ***Availability of Full Brochure***

A copy of our Brochure may be requested, without charge, by contacting Maria McCormack, Chief Compliance Officer, at [maria.mccormack@middletonco.com](mailto:maria.mccormack@middletonco.com) or 617-502-6423.

### ***Additional Information***

Additional information about Middleton & Company, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Middleton & Company, Inc. who are registered as investment adviser representatives.

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## Item 4 – Advisory Business

### ***Firm Description***

Middleton & Company, Inc. (“Middleton”) is an independent investment counseling firm dedicated to providing objective advice and disciplined investment management to individuals, families, trusts, endowments, foundations, and ERISA and retirement plans. Our firm was founded on the belief that experienced investment professionals, applying sound judgment and thorough market analysis, can make a difference in clients’ lives.

Middleton is a Massachusetts corporation that has been offering investment advice to clients since 1984. As of December 31, 2020, Middleton manages \$1,107,057,573 in assets under management on a discretionary basis and \$2,964,956 on a non-discretionary basis.

### ***Ownership and Principals***

The principals of our firm are President and Managing Director John K. Sargent, Jr.; Chairman of the Board and Managing Director Alice Kenney Walsh; and Managing Director Maria McCormack. Middleton is exclusively employee owned; the Middleton & Company Employee Stock Ownership Trust is our majority shareholder.

### ***Types of Advisory Services Offered***

Middleton provides comprehensive investment advice designed to meet the specific goals and needs of our clients. Our advisory services include consultations to establish investment objectives; account reviews; purchases and sales of securities; and portfolio appraisals. Advice is typically provided on a discretionary basis but may be offered on a non-discretionary basis.

Middleton tailors its advisory services to the individual needs of each client. We offer a framework of five investment strategies that we use to build portfolios within the context of a client’s existing holdings, current objectives, and risk tolerance. For each client, a specific strategy or a combination of strategies may be appropriate. Please see *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss* - for further information regarding our investment strategies. Our investment recommendations generally are limited to providing advice regarding:

- exchange-listed securities
- securities traded over-the-counter
- exchange traded funds (including open and closed end funds)
- municipal securities
- mutual fund shares
- U.S. government securities
- corporate debt securities (other than commercial paper)
- commercial paper
- certificates of deposit

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- foreign issuers
  - warrants
  - private investment funds

As a matter of policy, we avoid alcohol, tobacco and gaming stocks.

All investments involve varying degrees of risk and investments will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability. Additionally, clients may impose restrictions on investing in certain securities or types of securities. In connection with the provision of advisory services, a Portfolio Manager works with each client to:

- create a Statement of Investment Policy to ensure the portfolio is invested in accordance with your specific goals and objectives;
- determine the appropriate asset allocation for your portfolio, based upon a number of factors, including income needs, investment horizon and risk tolerance;
- work with your professional team – attorney, accountant and/or financial planner – to ensure that the investment management of your portfolio is coordinated with your estate plan and tax situation; and
- assist our non-profit clients with return expectations and withdrawal assumptions to support long-term planning for operating budgets and capital projects.

#### Item 5 – Fees and Compensation

Middleton offers investment advisory services based on a percentage of assets under management. A client's advisory agreement establishes the manner in which fees are charged. Middleton generally bills its fees on a quarterly basis in advance at the beginning of each calendar quarter. Clients may elect to be billed directly for fees or to authorize Middleton to debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged or credited a pro-rated fee. A client agreement may be canceled at any time, by you or Middleton, for any reason upon receipt of a written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

##### ***Fee Schedule - Annual Rate***

1.10% on the first \$1,000,000 of assets  
0.90% on the next \$1,000,000 of assets  
0.75% on the next \$3,000,000 of assets  
0.50% on the next \$5,000,000 of assets  
0.40% on the next \$5,000,000 of assets  
0.30% on the balance of assets above \$15,000,000  
0.55% - Bond Accounts of more than \$3,000,000 in assets

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Under certain circumstances, fees may be negotiated and may vary with respect to individual clients. No fees are based on investment performance. Mutual fund holdings generally are included in our fee calculation.

### ***Additional Fees***

Middleton's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Middleton's fee, and Middleton shall not receive any portion of these commissions, fees, and costs. For additional information, please see *Item 12 – Brokerage Practices*.

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

Middleton does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Middleton provides portfolio management services to the following types of clients:

- individuals
- trusts and estates
- corporate pension and profit-sharing plans
- charitable institutions, foundations, endowments, charitable remainder unitrusts

Middleton generally requires a minimum account size in excess of \$1,000,000, although this minimum may be waived under certain circumstances.

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

#### ***Methods of Analysis***

Securities analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis. Middleton uses a variety of sources of information in the analysis of investment strategies including fundamental financial data provided by FactSet Research, Bloomberg, and on-line services, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, SEC filings, and company press releases. Middleton also uses a disciplined valuation approach consisting of a proprietary dividend discount model, cash flow analysis, and other valuation metrics.

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## ***Investment Strategies***

Middleton offers our clients a framework of five investment strategies. We use these strategies to build portfolios within the context of a client's existing holdings and current objectives. For each client, a specific strategy or a combination of strategies may be appropriate.

### Core Growth

A Core Growth portfolio has a well diversified, growth-oriented focus and is designed to generate annual returns competitive with the S&P 500 over a multi-year time horizon. The portfolio typically consists of 40-50 holdings diversified across economic sectors, with an emphasis on high-quality companies that generate consistent, above average annual earnings growth. The portfolio may also incorporate the use of Exchange Traded Funds (ETFs) to efficiently access markets or sectors that appear to be attractively valued. Annual turnover is targeted at less than 25%, making this portfolio appropriate for investors sensitive to capital gains taxes.

### Aggressive Growth

The Aggressive Growth portfolio is designed to pursue aggressive capital growth for clients with a higher tolerance for risk and less sensitivity to capital gains taxes. This is a concentrated portfolio that will typically hold 20-25 positions. The focus of these investments is rapid earnings growth or near-term stock appreciation catalysts.

### Equity Income

An Equity Income portfolio is designed to provide equity exposure to clients who desire above-market income generation, with moderate risk tolerance. Emphasis is placed on companies with solid dividend yields and a history of consistent dividend increases. The portfolio typically consists of 30-35 holdings and is managed in a tax-sensitive manner. Turnover is targeted at below 20% per year.

### Strategic Asset Allocation

A Strategic Asset Allocation portfolio is a global portfolio approach utilizing multiple asset classes strategically weighted based on valuation and on clients' personal risk/reward profile. The portfolio objective is to generate above average performance versus a global blended benchmark with lower volatility. Portfolio decisions are driven by our global macroeconomic outlook, regional considerations, and assessment of asset class valuations. The portfolio is comprised entirely of exchange traded funds ("ETFs"). Actively managed ETF allocations are considered across the following asset classes: equities (domestic/international, large/mid/small cap, growth/value); fixed income (domestic/ international, credit quality, varying maturities); and alternatives (real estate, hard assets, commodities).

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### Fixed Income

Middleton's bond portfolios invest in high quality fixed income instruments. Portfolio maturity and duration will be actively managed to take advantage of the outlook for the yield curve and relative valuation opportunities. Credit quality is also monitored proactively to maintain quality parameters. United States Treasury bonds, United States government agency bonds, municipal bonds, and high quality corporate bonds may be emphasized, depending upon relative spreads in the marketplace and a client's individual tax situation.

### ***Alternative Investments***

Only eligible clients may participate in alternative investments in pooled investment vehicles such as private equity or hedge funds. These types of investments generally have a higher level of risk due to their concentrated nature, lack of liquidity, and other reasons. Before investing in a private fund for a client, Middleton will require the client to provide representations establishing that the client is an "accredited investor," a "qualified client" or a "qualified purchaser." Middleton will rely on the accuracy of a client's representations in making corresponding representations about the client. The client is responsible for promptly informing Middleton should its representations become inaccurate.

### ***Risk of Loss***

These investment strategies carry different levels of risk. Investing in securities involves risk of loss that a client should be prepared to bear. You may experience loss of your principal (the invested amount) and any profits that have not been realized (the securities that were not sold to "lock in" any profit). Your account may decline in value. Stock and bond markets can fluctuate substantially over any given time. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. Additionally, the occurrence of a natural disaster or pandemic could adversely affect and severely disrupt the business operations, economies and financial markets of many countries (even beyond the site of the natural disaster or pandemic) and could adversely affect Middleton's investment program or our ability to do business. There is a risk of loss of the assets we manage that may be out of our control. We will do our best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Middleton or the integrity of Middleton's management. Middleton and our employees have had no legal or disciplinary events and therefore have no disclosure applicable to this item.



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## Item 10 – Other Financial Industry Activities and Affiliations

Middleton Fiduciary Services, LLC (“MFS”), a wholly owned subsidiary of Middleton, is a private, non-depository trust company devoted exclusively to providing corporate trust services. MFS is not a bank nor does it have any bank affiliation. Certain principals of Middleton, including John K. Sargent, Jr., Maria McCormack, and Alice K. Walsh, also serve as Members of MFS. MFS provides professional trust services to trusts that call for a trustee to be a corporation. MFS’ services include trust administration, review of investment objectives, and oversight of the investment management of trust assets. As trustee, MFS enters into an advisory agreement with Middleton. MFS currently does not charge any fees in addition to advisory fees paid to Middleton.

As corporate trustee, there is potential for conflict of interest, or the appearance of a conflict of interest, between MFS and a client, including MFS’ role in appointing and overseeing Middleton as investment adviser for a trust client. Middleton has policies and procedure in place to identify and mitigate such conflicts, including the formation of a trust review committee to supervise the activities of MFS.

## Item 11 – Code of Ethics

Middleton has adopted a Code of Ethics for all employees and consultants of the firm describing our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, employee personal securities trading procedures, restrictions regarding outside business activities and directorships, and restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, among other things. All employees of Middleton must acknowledge the terms of the Code of Ethics annually, or as amended. All employees are expected to comply with the spirit and letter of all applicable laws, regulations and company policies, and be sensitive to, and act appropriately in, situations that may give rise to actual as well as perceived conflicts of interest or violations of our Code of Ethics.

A copy of Middleton’s Code of Ethics is available to all Middleton clients or prospective clients upon written request to the Chief Compliance Officer.

### ***Personal Trading***

The Code of Ethics prohibits certain transactions and requires pre-clearance of all non-exempt personal trades by employees and certain family and household members. Subject to pre-clearance requirements and other limitations, employees may buy and sell securities for their personal accounts that are identical to or different from those recommended to clients. Middleton maintains a restricted list of companies that are being traded or considered for trading. Approval will be withheld if there are completed or pending transactions in the same or related security for any Middleton client account for that same

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day or if the transaction would otherwise be inconsistent with our fiduciary duty or applicable law. No employee of the firm shall place his or her own interest above that of any client or make personal investment decisions based on the investment advice provided to our clients. Middleton does not buy securities for our own or any affiliated accounts. Trades for employees cannot be aggregated with client trades.

To supervise compliance with our Code of Ethics, we require that all employees provide to our Chief Compliance Officer periodic account statements for each employee's personal account(s). Employees are required to report personal securities transactions on a monthly basis, and to certify annually that they have read and that they understand the Code of Ethics. The Chief Compliance Officer or a designee reviews employee trades to help ensure that the personal trading of employees complies with all requirements of the Code of Ethics.

### ***Participation or Interest in Client Transactions***

Neither Middleton nor any of our employees recommends to clients, or buys or sells for client accounts, securities in which we have a direct material financial interest. It is Middleton's policy that we will not effect any principal or agency cross securities transactions for client accounts. Middleton will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

### **Item 12 – Brokerage Practices**

Middleton executes client transactions through either a broker-dealer that we select or a broker-dealer designated by the client. Generally, in the absence of specific instructions to the contrary, Middleton has complete discretion with respect to client accounts without any limitations on our authority. This discretion includes the authority to buy and sell securities for client accounts and to establish and effect securities transactions through accounts with broker-dealers selected by Middleton without prior notice to the client. Clients may direct Middleton to use one or more particular broker-dealers in managing their accounts. You should be aware that directing brokerage to a particular broker-dealer may involve disadvantages. Please see the *Client Directed Brokerage* discussion below.

For discretionary accounts, Middleton selects broker-dealers with a view to best overall execution of trades. Best execution does not necessarily mean that Middleton selects a broker-dealer based solely on the lowest commission rate available for the execution of purchase and sale orders. We also consider several qualitative and quantitative factors, including but not limited to the performance, integrity and financial responsibility of the

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broker-dealer as well as its demonstrated execution capability, both generally and with regard to specific transactions. In some instances, we will also consider the broker-dealer's ability to act as a qualified custodian for our clients. We will pay particular attention to the broker-dealer's ability to provide satisfactory execution and clearance and settlement services, responsiveness to instructions, commission rates, and competitiveness in offering to buy and sell securities as principal and similar factors. We evaluate the reasonableness of commission charges based on such factors as the difficulty and speed of execution and the research services provided or to be provided by such broker-dealer in the past or in the future.

We may cause you to pay a broker-dealer higher commissions (or mark-ups or mark-downs) on transactions than we could obtain elsewhere if we determine that the commissions are reasonable in relation to the value of the brokerage and research services provided by the broker-dealer, viewed in terms of the particular transaction or our overall responsibilities to our clients. We may also consider the value of research received from a particular broker when placing client trades.

For accounts where the broker-dealer or an affiliate also acts as qualified custodian for the account, brokerage fees generally are charged on a per-transaction basis for a fixed amount that does not vary. Many broker-dealers have eliminated brokerage fees for equity transactions but these reduced fees may be offset by custodial fees; less competitive pricing for securities; lower interest rates on cash holdings; or higher fees in margin lending and non-equity securities transactions. Custodial and brokerage arrangements are evaluated periodically in order to ensure that such arrangements meet our best execution obligations. Please also see *Research and Other Benefits*, *Soft Dollars*, and *Custody* discussions below.

### ***Research and Other Benefits***

Middleton receives certain benefits through its access to broker-dealers' institutional trading and custody services. These services include the execution of securities transactions, access to research, availability of proprietary mutual funds and other investments, and ability to act as qualified custodian for client assets. Certain broker-dealers also offer services intended to help us manage and further develop our business such as opportunities to attend industry conferences and educational meetings, access to analysts and corporate management teams, as well as consulting on technology, compliance, legal, and business needs. These benefits may be provided either directly by the broker-dealer or a third-party vendor, and are available at no charge to Middleton. Some of these products and services benefit Middleton but may not directly benefit our clients. These benefits are not associated with soft dollar arrangements and do not affect the commissions or fees charged by a broker-dealer.

### ***Soft Dollars***

A portion of brokerage commissions paid by a client's account (known as "soft dollars") may be allocated by us for the purchase of research, research-related products and other

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brokerage services. These services include securities prices, news, statistical information, and securities, investment and economic research. The products and services that we obtain with soft dollars are for research and investment decision-making only. These research services aid Middleton in our investment decision-making responsibilities. All other non-research services received from a broker-dealer are purchased directly by Middleton. The cost of any mixed-use products we may receive will be allocated between that portion which is eligible as research or brokerage services and that portion which is not eligible. A client may pay brokerage commissions that are higher than those charged by other broker-dealers in return for soft dollar benefits obtained by Middleton.

Middleton uses the research services provided by broker-dealers and third parties through a soft dollar arrangement to benefit all client accounts. Research obtained with soft dollars is not allocated to any specific account. A brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Research obtained with soft dollars will be used for the benefit of accounts that did not participate in a particular trade, or for the benefit of an account or accounts that have not generated or do not generate soft dollars.

### ***Conflicts of Interest***

When using client brokerage commissions to obtain research or other services, Middleton receives a benefit because we do not have to produce or pay for the research or services. Additionally, brokers may require a certain level of business in order to provide research to Middleton. These factors create an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than a client's interest in lowest commission rates.

Middleton has adopted a soft dollar policy designed to mitigate conflicts of interest. Under the policy: (i) all soft dollar arrangements must be approved, monitored, and reviewed on a periodic basis; (ii) no formal or contractual commitments to generate a certain level of brokerage commissions may be made in any soft dollar arrangement; (iii) all transactions are effected on a best execution basis; and (iv) our soft dollar practices are disclosed to you.

All soft dollar arrangements will be reviewed to ensure that (i) the research products or services are needed; (ii) they provide legitimate assistance in the investment decision-making process; and (iii) the commissions paid to soft dollar brokers are reasonable in relation to the value of the products or services received.

### ***Current Soft Dollar Arrangements***

Middleton has established brokerage accounts for our discretionary clients with J.P. Morgan Securities LLC ("JPMorgan"), a FINRA registered broker-dealer and member of SIPC, to effect trades for client accounts. Middleton has entered into a soft dollar arrangement with JPMorgan in which we receive written research reports on individual companies, the

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economy, and the overall stock and bond markets. JPMorgan may also provide the opportunity to meet with corporate managements and brokerage firm security analysts. The research provided by JPMorgan is used to benefit all client accounts, including client accounts whose trades are not executed through JPMorgan.

We have an incentive to use or expand the use of JPMorgan's services because of our soft dollar arrangement. Middleton examined this potential conflict of interest when we chose to enter into our relationship with JPMorgan and determined that the relationship is in the best interests of our clients and satisfies our client obligations, including our duty to seek best execution. Middleton does not have any other soft dollar arrangements.

### ***Client Directed Brokerage***

A client may direct Middleton to use one or more particular broker-dealers to effect transactions for the client's account(s). We are aware that our clients who have designated a particular broker-dealer have varying reasons for establishing and maintaining such relationships, and that these clients obtain varying degrees and kinds of services from their designated broker-dealers. We also understand that clients who designate broker-dealers may obtain certain services in addition to execution, clearance and settlement that are not received by clients for whom we select broker-dealers.

For directed brokerage clients, Middleton will not have authority to negotiate commissions, aggregate orders, or obtain volume discounts and, therefore, best execution may not be achieved. Additionally, brokerage charges may be different from the commission rates charged to other clients and consequently designating a specific broker-dealer may cost you more money. In a directed brokerage arrangement, the client will negotiate the terms and arrangements for the account. We will not have the ability to determine the nature and quality of the services to be obtained from such designated broker-dealers.

Our experience is that we can generally obtain lower commission rates, and may otherwise be more able to obtain best overall execution of purchase and sale orders from broker-dealers that we select than from designated broker-dealers. On the other hand, clients who use broker-dealers selected by us may incur additional costs associated with obtaining custodial services from a bank or other financial institutions.

### ***Trade Aggregation***

Middleton will aggregate client trades where possible and when advantageous to clients. Transaction costs are shared equally and on a pro-rated basis among all accounts included in any such block unless transactions costs are fixed in accordance with an individual client's broker-dealer contract. Block trading allows Middleton to execute equity trades in a more timely, efficient, and equitable manner and to seek to reduce overall commission charges to some clients. No employee trades will ever be included in any client block trades.

The following conditions must be met to allow aggregation of trades for clients:

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- The aggregation must be consistent with Middleton's duty to seek best execution for our clients and is consistent with the terms of Middleton's investment advisory agreement with each client for which trades are being aggregated.
  - No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for that transaction in a given security with transaction costs shared on a pro-rata basis, if applicable.
  - Middleton will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

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

We receive no commission when we recommend or select broker-dealers for clients, nor do we have any agreement to select broker-dealers who may refer clients to us. However, when consistent with best execution and our fiduciary duty to clients, we may take into consideration the fact that a broker-dealer or its account executives may in the past have recommended and in the future may recommend us to other clients. There is no specific arrangement for client referrals between any broker-dealer and Middleton.

### **Item 13 – Review of Accounts**

Middleton reviews client accounts on a periodic basis. Matters reviewed include cash balances, asset mix, risk exposure, diversification, income return, and progress of the account with respect to client objectives. Holdings of all securities are reviewed on a periodic basis by each respective Portfolio Manager to ensure consistency with each client's investment objectives. All purchases of securities not on the firm's approved list require a written explanation for a client's account from the Portfolio Manager and must be pre-approved by the Chief Compliance Officer and/or the Chief Investment Officer. Accounts are reviewed in connection with any material deposit or withdrawal or material changes in a client's personal circumstances. Each client's Statement of Investment Policy or investment guidelines are reviewed with the client periodically as needed by the Portfolio Manager.

### ***Reports Provided to Clients***

All Middleton client accounts are maintained with a qualified custodian which provides monthly or quarterly account statements directly to the client and/or a selected independent representative as instructed by the client. Please also see *Item 15 - Custody*. In addition, Middleton typically provides a report to each client containing portfolio holdings, values, and transactions on a quarterly basis. We may also include each client's performance information with a reference to a relevant market index or benchmark. A client may request more frequent reports.

Any client who has designated a particular broker-dealer in a directed-brokerage arrangement will periodically receive a letter and client acknowledgement form. This letter informs the client that the cost of security transactions under such an arrangement may



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differ from the cost of transactions that are effected by broker-dealers chosen by Middleton and, consequently, that best execution may not be obtained by Middleton. Additionally, Portfolio Managers discuss the designated broker-dealer arrangements and the impact on commissions charged with these clients.

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

Middleton does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. Middleton's Code of Ethics generally prohibits employees from accepting gifts, favors, and other inducements from counterparties or service providers, excepting certain common business courtesies.

#### Item 15 – Custody

All Middleton client accounts are maintained with State Street Bank and Trust Company, Fidelity Brokerage Services, Charles Schwab & Co., Inc. or other designated qualified custodians which provide monthly or quarterly account statements directly to each client and/or its selected independent representative. We urge you to carefully review these statements and compare the official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Under the Investment Advisers Act, Middleton is considered to have "custody" of client funds and securities because we may deduct our advisory fee directly from a client account and also may be authorized to direct the disposition of client funds or securities. Additionally, Middleton is considered to have custody of client assets where a Middleton principal serves as trustee for that account or where Middleton Fiduciary Services serves as corporate trustee for a trust account. Middleton provides additional disclosure regarding custody of client assets in our Form ADV Part 1 filing and all Middleton accounts are subject to a surprise audit by an independent accounting firm. Middleton does not hold or deliver client securities or funds. Such securities or funds are deposited directly with each client's qualified custodian.

When Middleton has custody of client funds or securities, or where Middleton Fiduciary Services or a Middleton employee serves as trustee, conflicts of interests and additional risks may arise. Middleton's policies and procedures are designed to safeguard client assets and mitigate such risks and conflicts.

#### Item 16 – Investment Discretion

Middleton receives discretionary authority to determine the securities to be bought or sold for a client account at the outset of an advisory relationship through the execution of an advisory agreement. The advisory agreement will contain a limited power of attorney which

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permits Middleton to buy or sell securities in the client account without contacting the client prior to effecting the trades or deducting our fees.

You may limit our discretionary authority over your account by giving us written investment guidelines and restrictions that will be included in your Statement of Investment Policy. Investment programs will reflect such factors as your tolerance of risk and volatility and requirements for current income versus future potential returns. In all cases, however, Middleton's discretionary authority is to be exercised in a manner consistent with the stated investment objectives for each client account and in light of our fiduciary duty.

### Item 17 – Voting Client Securities

Middleton, as a fiduciary to our discretionary clients, will vote proxies for securities held in client portfolios if the client expressly wishes us to do so and indicates such in our investment advisory agreement or in writing. Non-discretionary clients may elect to delegate their proxy voting authority to Middleton. Alternatively, you may choose to receive proxies related to your own account(s). Should you desire to directly vote all proxies or in a particular situation, please contact the Chief Compliance Officer to discuss.

When Middleton has discretion to vote proxies of our clients, we will vote those proxies in the best interests of our clients and in accordance with our established policies and procedures. Middleton will vote proxies for all ERISA accounts unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To ensure that proxies are being voted in a timely manner, we have contracted with Broadridge Investor Communication Solutions, Inc. ("Broadridge"), a nationally known and independent proxy voting service firm. Broadridge provides access to public company research and voting recommendations on proxy voting ballots. All recommendations are reviewed by a member of our Proxy Committee before any vote is cast. If a conflict of interest is identified, the Proxy Committee will disclose this to the affected client so the client may have an opportunity to vote the proxies themselves.

Middleton will work to identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationships of Middleton or any of our employees to determine if there is any financial, business or personal involvement with the issuer.

If a material conflict of interest exists, the Proxy Committee will determine whether it is appropriate to disclose this conflict to the affected clients so the clients may have an opportunity to vote the proxies themselves. The Proxy Committee may also address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.



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### ***Requests for Copies***

A copy of Middleton's Proxy Voting Policy will be furnished at the time of entering into an advisory relationship and upon request by contacting the Chief Compliance Officer. Clients may also request, in writing, information on how proxies for his/her shares were voted. Any requests from clients will be handled promptly providing any and all information to the client.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Middleton's financial condition. Middleton has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.