



Form ADV Part 2A — March 30, 2021

Item 1 – Cover Page

Business Address: 1650 Arch Street, Suite 2100
Philadelphia, Pennsylvania 19103
Business Phone: 215.557.9300
Fax: 215.557.9305
Company Website: www.swarthmoregroup.com

Contact person: Ms. Denise Caruso, Chief Compliance Officer
Direct phone: 215.557.3322
Email: dcaruso@swarthmoregroup.com

This Brochure provides information about the qualifications and business practices of The Swarthmore Group (“we,” “us,” “our” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 215.557.9300 or by email at dcaruso@swarthmoregroup.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about The Swarthmore Group is also available on the SEC’s website at www.adviserinfo.sec.gov.

You may obtain a free copy of the most recent version of this Brochure at any time. You may either download it from the IAPD website, www.adviserinfo.sec.gov, or request a copy from Ms. Denise Caruso, the Firm’s Chief Compliance Officer (“CCO”), at the address, telephone or email listed above.

Item 2 – Material Changes

This Brochure is dated March 30, 2021. The Swarthmore Group's previous ADV Part 2 was dated July 15, 2020. Since the previous release of The Swarthmore Group's Brochure, the following material changes have taken place:

- Item 4 has been updated to reflect assets under management as of December 31, 2020 and a change in ownership of the Firm.
- Edits have been made throughout the Brochure in an effort to clarify defined terms and to update certain references.

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Item 4 – Advisory Business

Incorporated in 1991, The Swarthmore Group began managing assets in 1992 as an independent registered investment advisor. Our registration means that we are subject to the U.S. Investment Advisers Act of 1940, as amended (“Advisers Act”) and SEC regulation. It does not imply any specific level of skill or training.

Our services consist of selecting investments for clients while taking into account certain individual needs including total return objectives, risk tolerance, “social responsibility investing” objectives, legal and other investment restrictions applicable to their investment goals. The Swarthmore Group provides discretionary investment advice and wealth management services to individuals, high net worth individuals, pension and profit-sharing plans, corporations, foundation / endowments and state and municipal governments. As of December 31, 2020, The Swarthmore Group, Inc. had \$1,517,261,611 in discretionary assets under management. See Item 12 –Brokerage Practices Investment Discretion, for additional information on our discretionary authority.

The Firm is privately held and incorporated in the State of Delaware. The officers and principal owners are:

Individual	Percent	Title
James E. Nevels	73%	Chairman and Founder
Denise Caruso	15%	Chief Compliance Officer

The Swarthmore Group provides investment advisory services, under the following arrangements:

- Adviser to Institutional Clients
- Adviser to Wealth Management clients
- Investment Consultant – nondiscretionary

Institutional Investment Adviser

The Swarthmore Group offers institutional clients investment products using U.S. Equity Securities, U.S. Fixed Income securities, American Depositary Receipts (ADR), and balanced accounts that utilize both U.S. Equity and U.S. Fixed income securities. Your portfolio may include a combination of individual securities and Exchange Traded Funds (ETFs). The ETFs allow us to capture market exposure by sector or asset class more efficiently than with individual securities.

Wealth Management Clients

The Swarthmore Group provides wealth management services to individuals which encompasses the review of the client portfolios as it relates to their investment objectives. As part of constructing an investment policy statement (“IPS”), we take into consideration such items as the client’s risk tolerance, time horizon, life goals, current investments, outside holdings and our view of the capital markets outlook, in building an investment program around the IPS.

Advisory Agreements and Client Needs

Each advisory client is required to enter into a discretionary investment agreement with The Swarthmore Group prior to the commencement of advisory services. The advisory relationship will continue until terminated by the client or The Swarthmore Group in accordance with the provisions of the agreement.

Clients may impose reasonable restrictions on their account. The Swarthmore Group reserves the right to not accept and / or terminate management of a client's account if it feels that the client-imposed restrictions would limit or prevent The Swarthmore Group from meeting and / or maintaining the account's overall strategies.

Prior to entering into an investment agreement with The Swarthmore Group, a client should carefully consider:

1. Committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long term basis;
2. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
3. Because market cycles unfold over many months or years, The Swarthmore Groups strategies are designed for investors who practice patience with a long-time horizon.

The Swarthmore Group does not and will not assume any responsibility for the accuracy of the information provided by the client. Please refer to Item 8 for further information on our methods of analysis and the types of securities utilized. The Swarthmore Group will not maintain custody of client's assets, which are deposited in a qualified custodian. Please refer to Item 15 for further information on custody.

Excluded Assets

The Swarthmore Group will not follow the individual securities which comprise Excluded Assets (i.e., investment assets for which The Swarthmore Group does not retain discretionary trading authority). We will remain available to consult with you regarding the deposition of such securities on an annual basis, unless you advise us in writing that you desire more frequent consultation. However, you will remain responsible for all decisions regarding the Excluded Assets including decisions pertaining to the retention or sale of the Excluded Assets, or a portion thereof, regardless of whether any such security is reflected on a supplemental account report prepared by us.

Item 4 Miscellaneous

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services

To the extent specifically requested, The Swarthmore Group will generally provide planning and consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. The Swarthmore Group shall generally provide such services inclusive of its advisory fee set forth at Item 5 below (exceptions will occur based upon assets under management, advanced planning needs, special projects, etc. for which The Swarthmore Group may charge a mutually agreeable additional fee). **Please**

Note: The Swarthmore Group does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, The Swarthmore Group does not prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a

client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from The Swarthmore Group and/or its representatives. **Please Also Note:** If the client engages any professional (i.e. attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not The Swarthmore Group, shall be responsible for the quality and competency of the services provided.

Retirement Rollovers-Potential for Conflict of Interest

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If The Swarthmore Group recommends that a client roll over their retirement plan assets into an account to be managed by The Swarthmore Group, such a recommendation creates a conflict of interest if The Swarthmore Group will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, The Swarthmore Group serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. No client is under any obligation to roll over retirement plan assets to an account managed by The Swarthmore Group.

Custodian Charges-Additional Fees

As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, The Swarthmore Group generally recommends that Schwab and/or TD Ameritrade serve as the broker-dealer/custodian for client wealth management assets. Broker-dealers such as Schwab and TD Ameritrade charge transaction fees for effecting securities transactions. In addition to The Swarthmore Group's investment advisory fee referenced in Item 5 below, the client will also incur transaction fees to purchase securities for the client's account (i.e., mutual funds exchange traded funds, individual equity and fixed income securities, etc.)

Use of Mutual and Exchange Traded Funds

Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by The Swarthmore Group independent of engaging The Swarthmore Group as an investment advisor. However, if a prospective client determines to do so, he/she will not receive The Swarthmore Group's initial and ongoing investment advisory services.

Please Note: In addition to The Swarthmore Group's investment advisory fee described at Item 5 below, and transaction and/or custodial fees discussed at Item 12, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

Client Obligations

In performing our services, The Swarthmore Group shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly notify The Swarthmore Group if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

Item 5 – Fees and Compensation

The fees paid to The Swarthmore Group vary based on the services provided. Currently, The Swarthmore Group provides Asset Management Services to Institutional clients and Wealth Management Services to private clients. The fees paid are generally based on the value of the assets under management, however, complexity of the client, scope of work, and other factors may require adjustments to the standard fee schedule.

The services and fees of the Asset Management Services and Wealth Management Services paid to The Swarthmore Group are markedly different based on the offering provided, and are as follows:

Asset Management Services

The Swarthmore Group Institutional Standard Fee Schedule

The table below reflects our standard fees by client type. The fees are billed quarterly in arrears. However, all fees are negotiable depending on the size and type of a particular account.

Type of Client	Fee Percentage
Institutional Equity Account	50 basis points (0.50%)
Institutional Fixed Income Account	25 basis points (0.25%)

Although The Swarthmore Group will allocate client assets consistent with the client's designated investment objective, the fact that The Swarthmore Group earns a higher fee for management of an equity portfolio versus a fixed income portfolio causes a conflict of interest since The Swarthmore Group has an economic incentive to allocate more assets to equity securities to earn more compensation.

The Swarthmore Group has adopted the GIPS® Valuation Principles (the "Principles") to determine the fair value of all securities. The Principles define fair value as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently.

Securities are valued at the closing price on the day of valuation. If the valuation date is not a trading day, the price as of the close of business on the previous trading day is used. Any listed security not traded on such date is valued at the latest available price quotation furnished to the Firm by IDC, our independent third party pricing service, and in keeping with the GIPS® Valuation Hierarchy.

The GIPS® Valuation Hierarchy

1. Investments must be valued using objective, observable, unadjusted quoted market prices for identical investments in active markets on the measurement date, if available. If not available, then investments should be valued using;
2. Objective, observable quoted market prices for similar investments in active markets. If not available or appropriate, then investments should be valued using;
3. Quoted prices for identical or similar investments in markets that are not active (markets in which there are few transactions for the investment, the prices are not current, or price quotations vary substantially over time and/or between market makers). If not available or appropriate, then investments should be valued based on;
4. Observable market-based inputs, other than quoted prices, for the investment. If not available or appropriate, then investments should be valued based on;
5. Subjective unobservable inputs for the investment where markets are not active at the measurement date. Unobservable inputs should only be used to measure fair value to the extent that observable inputs and prices are not available or appropriate. Unobservable inputs reflect the Firm's own assumptions about the assumptions that market participants would use in pricing the investment and should be developed based on the best information available under the circumstances.

We rarely need to go beyond step 2 above, as we most often invest in liquid securities, meaning that they are regularly priced through our pricing service, IDC.

Wealth Management Services

The Wealth Management fees are billed quarterly in advance. The Swarthmore Group does not have an annual minimum fee for Wealth Management Services. The Swarthmore Group reserves the right to adjust fees based on the scope of service and other criteria and are negotiable.

The following is the Firm's Standard Fee Schedule:

<u>Market Value of Portfolio</u>	<u>Annual Fee</u>
First \$5,000,000	1.00%
Next \$5,000,000	0.75%
Over \$10,000,000	0.50%

Our standard payment method is to have the clients authorize the custodian to debit the account for the fees, however, some clients may prefer to remit the fees via check or wire transfer.

The Swarthmore Group, in its sole discretion, may charge a lesser investment advisory fee and/or charge a flat fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

The Swarthmore Group does not receive performance-based fees. Your fee is based on the assets under management. Therefore, there is no instance where we manage both a performance fee account and nonperformance fee account side by side. This means that there is no incentive for us to favor a performance fee account over others through different trading priorities or a disproportionate allocation of favorable investments.

Item 7 – Types of Clients

As noted in Item 4 – The Swarthmore Group’s clients are individuals, high net worth individuals, pension and profit-sharing plans, corporations, foundation / endowments and state and municipal governments.

Percentage of type of institutional client to our total assets under management as of December 31, 2020:

Client Type	Percent of Assets as of 12/31/2020
State or municipal government entities	19%
Pension and profit-sharing plans	15%
Corporations other than pension plans	50%
Foundation / Endowments	11%
Insurance Companies	5%

For these clients we manage various types of accounts including:

- Corporate operating accounts
- Corporate pension plans
- Charitable trusts
- Endowments / Foundations
- Nuclear decommissioning trusts
- Public bond proceeds
- Public Plan Sponsors
- State Insurance funds
- Taft-Hartley plans
- Potential Wealth Management clients include high net worth individuals and Foundations / Endowments.

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

The Swarthmore Group provides both internal asset management, primarily for Institutional Clients, and a third-party open architecture “

Despite our investment management experience, investing in securities involves the risk of loss. Below we highlight the most important, but not all, risks of investing in our strategies:

- **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. Economies and financial markets throughout the world are becoming increasingly interconnected which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.
- **Management Risk.** The success or failure of our investment portfolio management will vary with the outcome of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the values of the investment will decrease.
- **Selection Risk.** An investment model that invests in actively managed mutual funds may underperform because of a fund manager’s incorrect judgment about the attractiveness, value and potential appreciation of a particular issuer’s securities.
- **Equity Risk.** Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund can be more volatile than the market as a whole. This volatility affects the value of the client’s overall portfolio. Small- and mid- cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies.
- **Small- and Mid-Capitalization Risk:** Small- and mid-capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies, and may underperform other segments of the market or the equity market as a whole. Securities of small- and mid-capitalization companies generally trade in lower volumes, are often more vulnerable to market volatility, and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole.
- **Fixed Income Risk.** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security may decline because investors demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- **ETF Risk.** ETFs invest in a broad range of equity and fixed income securities, including foreign securities and securities of issuers located in emerging markets. Underlying funds may also invest in equity securities of any market capitalization including micro-, small- and mid- cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, and they may engage in leveraged or derivative transactions. ETFs charge their own management fees and expenses, which may be duplicative, and adversely affect investment returns.

- Municipal Securities Risk. Municipal securities carry different risks than those of corporate government and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled U.S. Government Securities. We may recommend securities issued by the U.S. Government and by U.S. Government agencies and instrumentalities. Only U.S. Government securities are supported by the full faith and credit of the United States.
- Global Health Risk. Disease outbreaks that affect local economies or the global economy may materially and adversely impact our investment portfolios and/or our business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, there can be no assurance that we or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.
- Cybersecurity Risk. The Swarthmore Group and its service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyberattacks affecting investment adviser, a client's custodian, or intermediaries or other third-party service providers may adversely impact a client's experience and/or investment. For instance, cyberattacks may interfere with the processing of a client's transactions, cause the release of private information or confidential company information, impede trading, subject the adviser to regulatory fines or financial losses, and cause reputational damage. The Firm may also incur additional costs for cybersecurity risk management purposes. While the Firm and its service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, such plans and systems have inherent limitations due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is the possibility that certain risks have not been adequately identified or prepared for. Furthermore, The Swarthmore Group cannot control any cybersecurity plans or systems implemented by its service providers.

Internal Asset Management:

The Swarthmore Group generally manages “long only” portfolios, meaning that we do not invest in options, derivatives, or short positions. Examples of some security types we may invest in are:

- Equity securities listed on the NASDAQ and the NY Stock Exchange
- U.S. Treasury bonds
- Mortgage bonds
- Agency bonds
- Municipal bonds
- Fixed Income investment grade corporate debt bonds
- Fixed Income non-investment grade corporate debt bonds
- Commercial paper

Methods of Analysis

We use a combination of fundamental, technical, and quantitative analysis to determine which securities are suitable for investment in client portfolios.

Fundamental analysis involves evaluating the economic well-being of a financial entity as opposed to the price movements of a security. Fundamental analysis serves to answer questions such as:

- Is the company financially viable?
- Does the company exhibit sustainable earnings?
- What are the earnings drivers of the company?
- What are the future earnings opportunities of the company??
- Where is the company in its product cycle?
- Who are the company’s competitors and how competitive is the industry?
- Does management have a proven track record of execution?
- How would our macro-economic outlook affect the company’s earnings?
- Will they be able to repay their debt?
- Is management more shareholder or debt-holder friendly?

Quantitative analysis focuses more on the characteristics of a company such as:

- Is the company exhibiting accelerating earnings growth on an annualized basis?
- Is the earnings growth rate accelerating or decelerating?
- Is the company experiencing positive or negative earnings revisions?
- What is the market capitalization of the company?
- What is the capitalization structure of the company?
- What are the valuation characteristics of the company including: price to earnings, price to sales, enterprise value to sales, enterprise value to earnings before interest, taxes, depreciation and amortization; and how do these characteristics compare to history?
- What is the dividend history of the company?

Technical analysis focuses on market price movement. It attempts to predict future price movements or market sentiment based on historical patterns.

Although we incorporate all three research methods, we employ fundamental analysis research most often. We describe our investment process as “bottom up” with a macroeconomic overlay. This means that we focus more on the fundamentals of the company issuing the securities when we evaluate buying or selling a security for a portfolio and less on the company’s business sector or industry. The firm wide macroeconomic view is determined by the integrated thinking of the entire investment team and updated quarterly. The portfolio managers implement the macroeconomic view in their portfolio construction process.

Our main sources of research include:

- Financial newspapers and magazines
- Databases for quantitative screening
- Research material provided by others, including broker-dealers
- Economic research reports
- Corporate rating services, primarily for corporate debt
- Annual reports and filings with the SEC
- Debt indentures
- Company meetings and press releases

Currently, we do not use expert networks to obtain company information.

The equity portfolio investment process is driven by fundamental, bottom-up stock selection. Our actively managed portfolios are constructed of 17-20 high conviction investments combined with liquid sector/industry Exchange Traded Funds (ETFs). The Firm seeks to provide excess return through these high conviction holdings and manage the risk profile in conjunction with our macroeconomic outlook via sector ETF exposure.

ETFs are also used in the fixed income portfolio construction process. They are used both tactically and strategically. Tactically, this is an efficient way to gain exposure to sectors in smaller portfolios. Strategically, using ETFs is an efficient way to express a view on a perceived value in a particular asset class or duration without identifying a particular security.

Private Partnerships

Additional analysis specific to private partnerships include review of the management team’s ability to source attractive deals, analysis of the terms of the partnership/fund, and valuation processes employed by the managers of the partnership. Operationally, we look at the controls in place within the management company, the use of third-party providers (accounting, audit, tax, legal, and administrative), the viability of these firms, and we review all legal documents related to the investment.

Item 9 – Disciplinary Information

As a registered investment adviser we are required to disclose legal or disciplinary events involving the Firm, our employees or our officers that would be material to your evaluation of our advisory business or the integrity of our management. At this time, we have no such information to report.

Item 10 – Other Financial Industry Activities and Affiliations

Outside Business Activities

Our employees may be active in profit and non-profit organizations. In particular, Mr. James E. Nevels, our Chairman, also serves as the a Board Member for WestRock Company Corporation, a Board Member of Alcoa Aluminum Corporation and also serves on other for-profit and non-profit organizations. No employee has activities, affiliations or receives any compensation, directly or indirectly, from any other investment advisory entity.

As part of our fiduciary duty to our clients, we maintain procedures designed to identify and mitigate any actual or apparent conflict potentially created by the outside business activities of our employees. Our Chairman, Mr. Nevels, is not a member of the Investment Policy Committee nor does he participate in investment decision-making for client portfolios. In order to avoid the potential or appearance of trading on material non-public information, shares and bonds in companies where an employee is a member of the board of directors are not permitted in client portfolios.

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

Code of Ethics

The Swarthmore Group has adopted a Code of Ethics (“Code”) designed to reinforce our commitment to maintaining a high level of legal and ethical standards. The Code sets forth guiding principles to assist us and our employees in upholding our affirmative duty of care, loyalty, and good faith to act in the best interests of our clients and to avoid potential conflicts of interest. Each employee is required to complete an annual certification, acknowledging that they have read and understand the Code and any amendments thereto, and affirm that they have, and will continue to, comply with their fiduciary duties and ethical obligations as set forth in the Code. A copy of the Code is available to clients or prospective clients upon request by contacting Ms. Denise Caruso, CCO, at the address, telephone or email on the cover page of this Brochure.

Recommendations Involving Financial Interest

The Swarthmore Group selects investments for clients based solely on investment considerations, including whether the investments are suitable for the client and meet the client’s investment objectives and guidelines. In the course of providing advisory services, we may simultaneously recommend the sale of a particular security for one account while recommending the purchase of the same security for a second account if such recommendations are consistent with the client’s investment objectives and guidelines.

Personal Securities Transactions

We do not prohibit officers and employees from engaging in personal securities transactions. Therefore, it is possible that they may buy or sell securities or other instruments that we have recommended to clients or engage in transactions for their own accounts in a manner that is inconsistent with our recommendations to a client. We may also recommend to clients the purchase or sale of securities in which the Firm, or its officers, employees, or related persons have a financial interest. Personal securities transactions by employees raise potential conflicts of interest when they trade in a security that is owned by, or considered for purchase or sale for a client.

The personal investing activities of all employees must be conducted in a manner to avoid potential conflicts of interest, or the appearance of potential conflicts of interest, with our clients and the Firm itself. Our personal securities trading Policy and Procedure is intended to affirm that no officer, director, employee or member of their immediate family uses his or her position in the Firm or any investment opportunities they learn of because of his or her position to the detriment of our clients.

As such, Firm employees wishing to purchase or sell securities covered by the Code must pre-clear their transactions with our CCO prior to executing the trade. Certain securities (*e.g.*, direct obligations of the Government or shares of open-end mutual funds) do not require pre-clearance.

The CCO or her designee is responsible for ensuring that management and all employees adhere to the Code with respect to personal securities transactions. Every employee must comply fully with the Code and related procedures. Failure to do so may result in disciplinary action against any employee involved in the violation, up to and including termination of employment.

Item 12 – Brokerage Practices

WEALTH MANAGEMENT BROKERAGE PRACTICES

Brokerage Practices

In the event that a Wealth Management client requests that The Swarthmore Group recommend a broker-dealer/custodian for execution and/or custodial services, The Swarthmore Group generally recommends that investment advisory accounts be maintained at Schwab and/or TD Ameritrade. Prior to engaging The Swarthmore Group to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with The Swarthmore Group setting forth the terms and conditions under which The Swarthmore Group shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that The Swarthmore Group considers in recommending Schwab or TD Ameritrade (or any other broker-dealer/custodian to clients) include historical relationship with The Swarthmore Group, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by The Swarthmore Group's clients shall comply with The Swarthmore Group's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where The Swarthmore Group determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although The Swarthmore Group will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. The transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, The Swarthmore Group's investment advisory fee.

Non-Soft Dollar Research and Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, The Swarthmore Group can receive from Schwab and/or TD Ameritrade (or another broker-dealer/custodian, investment manager, platform sponsor, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist The Swarthmore Group to better monitor and service client account's maintained at such institutions. Included within the support services that can be obtained by The Swarthmore Group can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by The Swarthmore Group in furtherance of its investment advisory business operations.

The Swarthmore Group's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by The Swarthmore Group to Schwab, TD Ameritrade, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Directed Brokerage

The Swarthmore Group recommends that its wealth management clients utilize the brokerage and custodial services provided by Schwab and/or TD Ameritrade. The Firm accepts directed brokerage arrangements from its institutional clients (when a client requires that account transactions be effected through a specific broker-dealer/custodian). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and the Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by The Swarthmore Group. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs The Swarthmore Group to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through The Swarthmore Group. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

Order Aggregation

Transactions for each client account generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 12 – Brokerage Practices

INSTITUTIONAL INVESTMENT ADVISORS

Generally, Institutional clients retain us on a discretionary basis, which authorizes us to make the following determinations and take action on their behalf without trade-by-trade consultation and consent:

- Which securities to buy or sell
- The total amount of securities to buy or sell
- The broker or dealer through whom securities are bought or sold
- The commission rates at which securities transactions for client accounts are effected
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs

Selection of Institutional Brokers

The Swarthmore Group seeks a high standard of quality execution from responsible broker dealers. We maintain an Approved Broker List and have adopted trading policies and procedures that strive to select and utilize brokers that are consistent with our duty and obligation to seek best execution. We determine that the approved brokers are financially and operationally capable of executing designated trades and that there is no conflict of interest between the broker and The Swarthmore Group or our employees.

As a matter of policy, we try, when feasible and consistent with the duty to seek best execution, to allocate trades among approved brokers in such a manner that, over time, the commissions paid to each broker remain proportionate to the value provided by that broker. With limited exceptions, only approved brokers are used.

When selecting a broker from the Approved Broker List to execute a transaction for a client, we consider among other things:

- The best net price
- Brokerage commissions, spreads, and other costs
- The broker’s capital depth and market access
- Our knowledge of negotiated commission rates and spreads currently available for the security being traded
- The size and type of the transaction
- The nature and character of the markets in which the security or instrument is purchased or sold

- The desired timing of the transaction
- The execution, clearance, and settlement capabilities of the broker
- The reputation and perceived soundness of the broker

While we generally seek competitive commission rates and dealer spreads, we will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker and thereby justify higher commissions than would be the case with other transactions requiring more routine services.

Client-Directed Brokerage Transactions

Client's may limit The Swarthmore Group's discretionary authority and, in particular, may direct us to use particular broker-dealers to execute portfolio transactions for their accounts. When a client directs the use of a particular broker or dealer, we may not be in a position to freely negotiate commission rates or spreads, or to select brokers or dealers on the basis of best price and execution. In some circumstances, directed brokerage transactions may result in higher commissions or less favorable net prices than would be the case if the Firm were authorized to choose the broker or dealers through which to execute transactions for client accounts. For example, directed brokerage transactions may not be batched for execution with transactions in the same securities with other similarly situated clients. As a result, directed brokerage transactions may result in higher commissions or less favorable net prices for directed accounts than for clients whose transactions may be batched for execution.

When you direct us to use a particular broker, you should first determine that the broker is financially and operationally capable of executing your trades as we will rely solely on your determination.

Trade Errors

Trade errors detected in a managed account must be corrected so as not to harm any client. The goal of error correction is to make the client "whole".

Institutional Advisory "Non-Soft-Dollar" or Research/Execution Policy

The Swarthmore Group does not have a formal soft dollar arrangement with any broker-dealer / custodian, however based on our trading volume may receive research, brokerage products and other services. Although not a material consideration in determining what brokers are included on our Approved Broker List, The Swarthmore Group receives from broker-dealer/custodians, without cost (and/or at a discount) support services and/or products, certain of which assist The Swarthmore Group to better monitor and service client account's maintained at such institutions. Included within the support services that can be obtained by The Swarthmore Group can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by The Swarthmore Group in furtherance of its investment advisory business operations.

The Swarthmore Group's clients do not pay more for investment transactions as a result of this arrangement. There is no corresponding commitment made by The Swarthmore Group to any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Item 13 – Review of Accounts

The Swarthmore Group's Institution and Wealth Management Advisory clients' accounts are reviewed on an ongoing basis by our representatives. All clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objections and account performance with us on an annual basis.

The Swarthmore Group may conduct account reviews on other than periodic basis upon the occurrence of a triggering event, such as a change in your investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian for the client accounts. The Swarthmore Group may also provide a written report summarizing account activity and performance.

Item 14 – Client Referrals and Other Compensation

Currently we do not have a referral arrangement with an individual or firm to facilitate introductions to prospective clients. The Swarthmore Group does not maintain solicitor arrangements. The Swarthmore Group does not compensate non-employees for client introductions. The Swarthmore Group, Inc. has the following other compensation arrangements:

As indicated at Item 12 above, The Swarthmore Group receives from Schwab and TD Ameritrade without cost (and/or at a discount), support services and/or products. The Swarthmore Group's clients do not pay more for investment transactions effected and/or assets maintained at Schwab (or any other institution) as result of this arrangement. There is no corresponding commitment made by The Swarthmore Group to Schwab, TD Ameritrade, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Item 15 – Custody

Wealth Management

The Swarthmore Group shall have the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, TD Ameritrade, etc.) at least quarterly. **Please Note:** To the extent that The Swarthmore Group provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by The Swarthmore Group with the account statements received from the account custodian. The account custodian does not verify the accuracy of The Swarthmore Group's advisory fee calculation.

In addition, certain clients may establish asset transfer authorizations that permit the qualified custodian to rely upon instructions from The Swarthmore Group to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the

guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

Institutional Investment Advisory

We do not have any custody of our clients' assets. All client securities and cash are held for you by your custodian, which you select and direct to work with us. On request, we will provide a list of custodians that our other clients use, but we will not recommend to you any particular custodian. We will, if directed by you, send our invoice directly to your custodian. In that case, you also will receive a copy of the invoice so you are aware of the fee that has been charged for our service.

As stated in Item 13 – Review of Accounts, we will send you a quarterly report showing the market value and holdings in your account. We urge you to compare the reports that you receive from us to the ones that you receive from your custodian. Independent pricing services may cause the custodian's valuation to differ from ours, but you should contact us immediately if you have any questions or concerns about any material differences between the reports. Our contact information can be found on the cover page of this Brochure.

Monthly, or sometimes more frequently, we compare our reports to the custodian reports. To do this we will access the custodian's on-line reporting system in order to view the transaction and holding reports. Our access to your account is "read-only" meaning that at no time will we be able to make unauthorized changes to your account.

Item 16 – Investment Discretion

As noted in Item 4 – Advisory Business and Item 12 – Brokerage Practices, The Swarthmore Group accepts discretionary authority to manage investment portfolios on your behalf. You give us discretionary authority when you execute our Investment Advisory Agreement. You may revoke it at any time by notifying us in writing at the address listed on the cover page of this Brochure. In the event our authority is revoked, we will fulfill our fiduciary obligation to you by periodically furnishing you with recommendations concerning the investment of your assets until your Investment Advisory Agreement is terminated.

In your Investment Advisory Agreement, you may describe any restrictions that you wish to place on our authority, or you may provide separate Investment Guidelines that state how the account should be invested. We will use our best efforts to furnish investment management services with respect to your assets, including the continuous management of the assets in accordance with the Investment Guidelines provided.

Item 17 – Voting Client Securities

Wealth Management

The Swarthmore Group, Inc. does not vote client proxies except for affiliated investment products for which The Swarthmore Group is the adviser. Clients maintain exclusive responsibility for:

- Directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and

- Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

The Swarthmore Group will not be responsible and each client has the right and responsibility to take any actions with respect of any legal proceeds, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account of the issuers thereof.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact us to discuss any questions that may have with a particular solicitation.

Institutional Investment Advisor

The Swarthmore Group generally does not vote proxies for institutional investment advisor clients, but on very rare occasions for the benefit of the client will vote proxies. Clients should notify their custodian that they have chosen to retain voting authority so that proxy voting materials will be sent directly to them.

In the absence of specific voting guidelines from a client for whom we vote, we will vote proxies in a manner that we believe is in your best interest, taking into consideration those factors that may affect the value of the security. We will consider only those factors that relate to your investment or are dictated by your written instructions, including how the vote will economically impact and affect the value of your investment. There also may be times after conducting appropriate research and analysis, that we believe not voting at all is in your best interest.

While implementing our policy of voting proxies in the best interests of our clients, there may be occasions where the voting of such proxies may present an actual or perceived conflict of interest between us, as the investment adviser, and you, our client.

Potential conflicts of interest situations may include:

- Business relationships, where we have a substantial business relationship with a company such that failure to vote in favor of management could harm our relationship with the company
- Personal relationships, where we have a personal relationship with corporate directors or candidates for directorship
- Familial relationships where we may have personal or business relationships relating to a company (e.g. a spouse or relative who serves as a director of a publicly traded company)

In order to avoid the appearance of impropriety, and to assist us in conducting research and analysis, we have retained Institutional Shareholder Services ("ISS"), an unaffiliated third party, to serve as our Proxy Service Provider. We will usually vote on key issues affecting your investment and will generally follow ISS's recommendations on other issues. In the event that we have a conflict of interest, proxies will be voted as recommended by ISS.

You may obtain copies of our written proxy voting policies and procedures as well as information on how proxies were voted on behalf of your account by requesting this information from us at the address and phone number listed on the cover page of this Brochure.

Please know that if we do not vote proxies on your behalf, you are always welcome to contact us regarding any questions that you have about a particular proxy solicitation.

Item 18 – Financial Information

The Firm is not required to provide financial information in this Brochure because the Firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months. The Firm does not take custody of client funds or securities. The Firm has never been the subject of a bankruptcy proceeding.

The Swarthmore Group has obtained financial assistance by participating in the Paycheck Protection Program (“PPP”) established by the U.S. Small Business Administration (“SBA”). The PPP is intended to assist The Swarthmore Group with maintaining its business in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as payroll. These loans are eligible for forgiveness, but it is not guaranteed as it will be based on factors such as being used for payroll, overhead expenses of the Firm, and any interest payments previously made by the Firm.

The Swarthmore Group’s Chief Compliance Officer, Denise Caruso, remains available to address any questions regarding this Form ADV Part 2A.