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## *Charter Advisory Corporation*

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*www.charteradvisory.com*

***March 29, 2021***

This Brochure provides information about the qualifications and business practices of Charter Advisory Corporation. If you have any questions about the contents of this Brochure, please contact Michael J. Kelley at (317) 844-7416 or via email at [mkelley@charteradvisory.com](mailto:mkelley@charteradvisory.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.

Charter Advisory Corporation is an SEC Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Charter Advisory Corporation is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## *Material Changes*

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Investment advisors must update the information in their firm brochure at least annually. In lieu of providing clients with an updated brochure each year, we will provide Charter Advisory Corporation's existing advisory clients with this summary page describing any material changes since the last annual update of the brochure. We will deliver a brochure or summary each year to existing clients within 120 days of the close of Charter Advisory Corporation's fiscal year. Clients wishing to receive a complete copy of the current brochure may request a brochure by contacting Michael J. Kelley at (317) 844-7416 or via email at [mkelley@charteradvisory.com](mailto:mkelley@charteradvisory.com).

We have the following material changes from the prior brochure dated July 24, 2020:

Charter Advisory Corporation updated the brochure to reflect both discretionary and non-discretionary assets under management as of the previous year end, December 31, 2020. The new date of the brochure is now March 29, 2021.

Additional information about Charter Advisory Corporation 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 Charter Advisory Corporation who are registered, or are required to be registered, as investment adviser representatives of Charter Advisory Corporation.

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## ***Advisory Business***

Charter Advisory Corporation (hereinafter “Charter”), offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. Charter’s services and fee arrangements are described in the following pages.

Charter is a corporation formed under the laws of the State of Indiana. Charter has been conducting advisory services since 1979. Michael J. Kelley is the principal owner and President of Charter Advisory Corporation. This narrative provides clients with information regarding Charter and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of Charter.

Individuals associated with Charter will provide its investment advisory services. These individuals are authorized to provide advisory services on behalf of Charter. Such individuals are known as Investment Adviser Representatives (IARs).

IARs with Charter are registered representatives of LPL Financial, a licensed full service securities broker/dealer and investment adviser under federal and state securities laws, located in Boston, Massachusetts. LPL Financial is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). Securities transactions for LPL's brokerage clients are executed through LPL. Charter is not an affiliate of LPL Financial.

## **Financial Planning Services**

Financial planning services will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. Charter works with a variety of clients to assist them with their long and short term financial planning. Charter focuses on the preparation of financial plans, which plans provide a framework and structure for combining client goals with current and future savings and retirement programs. It also works on a contract basis to assist clients in decisions concerning their investments, insurance and other related accounts. Charter relies on responses provided by clients to questionnaires and interviews, as well as copies of supporting documentation and/or data provided by the client or its lawyer, accountant or other advisers. Implementation of the prepared plan or recommendations is solely at the discretion of the client, with the client also determining how he/she will implement the plan or recommendations. The client is encouraged to utilize any desired professional or group of professionals to assist in implementation.

## **Charter's Investment Advisory Services**

Charter provides investment advisory services to its clients on a discretionary and non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Account management is guided by the stated objectives of the client. In addition, the Adviser considers the client's risk profile and financial status prior to making any recommendations.

## **LPL Financial Sponsored Advisory Programs**

Charter may provide advisory services to clients through certain programs sponsored by LPL Financial (LPL), a registered investment adviser and broker/dealer. Below is a brief description of each LPL advisory program available to Charter. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

## **LPL Advisory Services**

### **Manager Access Select Program**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a

mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors), mutual funds and ETFs within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds, ETFs and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP. In certain instances, LPL will permit a lower minimum account size.

### **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. Advisor will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department or third-party portfolio strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$10,000. In certain instances, a lower minimum for a portfolio is permitted.

### **Small Market Solution (SMS) Program**

Under SMS, LPL Research (a team of investment professionals within LPL) creates and maintains a series of different investment menus (“Investment Menus”) consisting of a mix of different asset classes and investment vehicles (“investment options”) for clients that sponsor and maintain participant-directed defined contribution plans (“Plan Sponsors”). The Plan Sponsor is responsible for selecting the Investment Menu that it believes is appropriate based on the demographics and other characteristics of the Plan and its participants. LPL Research is responsible for the selection and monitoring of the investment options made available through Investment Menus (“Fiduciary Selection Services”). The investment options that are offered through SMS are limited to the specific investments available through the record keeper that the Plan Sponsor selects. The Plan Sponsor may only select an Investment Menu in its entirety and does not have the option to remove or substitute an investment option.

If the Plan is subject to ERISA, LPL will be a “fiduciary” and serve as “investment manager” (as that term is defined in section 3(38) of ERISA) in connection with the Fiduciary Selection Services. None of the services offered under SMS other than the Fiduciary Selection Services will constitute “investment advice” under 3(21)(A)(ii) of ERISA, or otherwise cause LPL or Charter to be deemed a fiduciary.

In addition to the Fiduciary Selection Services, Plan Sponsor may also select from a number of non-fiduciary consulting services available under SMS that are provided by Charter. These consulting services may include, but are not limited to: general education, and support regarding the Plan and the investment options selected by Plan Sponsor; assistance regarding the selection of, and ongoing relationship management for, record keepers and other third-party vendors; Plan participant enrollment support; and participant-level education regarding investment in the Plan. These consulting services do not include any individualized investment advice to the Plan Sponsor or Plan participants with respect to Plan assets, and LPL and Charter do not act as fiduciaries under ERISA in providing such consulting services.

### **Guided Wealth Portfolios (GWP)**

GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal (“Investor Portal”). Investment recommendations to buy and sell open-end mutual funds and exchange-traded funds are generated through proprietary, automated, computer algorithms (collectively, the “Algorithm”) of Xulu, Inc., doing business as FutureAdvisor (“FutureAdvisor”), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the “Model Portfolio”).

Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although Advisor will be available to discuss investment strategies, objectives or the account in general in person or via telephone.

A preview of the Program (the “Educational Tool”) is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and Charter by enrolling in the advisory service (the “Managed Service”). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or Charter, do not enter into an advisory agreement with LPL, FutureAdvisor or Charter, do not receive ongoing investment advice or supervision of their assets, and do not receive any trading services.

A minimum account value of \$5,000 is required to enroll in the Managed Service.

### **Solicitation/ Referral Services to Sponsored Programs Directly Managed Programs**

In directly managed programs, Charter will refer clients to independent, third party investment advisers (TPIA). The TPIA manages the client's account in accordance with the disclosures set forth in the third party investment adviser's documents. Charter is engaged by the TPIA to provide referral services on behalf of the TPIA pursuant to an agreement between Charter and the TPIA. Charter is compensated by the TPIA for referring the clients. The TPIA may assume discretionary authority over the assets in the accounts participating in these programs.

Charter provides the following services on behalf of the TPIA. Charter typically gathers information from the client about the client's financial situation, investment objectives, and reasonable restrictions the client wants to impose on the management of the account. Charter then periodically reviews reports provided to the client; contacts the client at least annually to review the client's financial situation and objectives; communicates information to the third party investment adviser as warranted; and assists the client in understanding and evaluating the services provided by the third party adviser that is directly managing the account.

Charter manages assets on a discretionary or nondiscretionary basis. As of December 31, 2020, Charter managed \$171,213,673 of client assets on a discretionary basis and \$32,763,846 of client assets on a nondiscretionary basis.



## ***Fees and Compensation***

### **Financial Planning**

Clients are charged fees by Charter based upon the complexity and estimated hours of worked needed to prepare the plan. No advance or deposit is required unless specified for larger projects. If a deposit is required, fees are payable one half at the time of execution of a written agreement retaining Charter to prepare the plan, with a maximum amount of \$1,200 paid at this time. The remainder of fees is due upon receipt of the plan by the client.

Additional work requested by the client beyond preparation of the plan is billed at a rate ranging from \$45 to \$300 per hour, payable upon completion of the work.

Charter also provides investment advice on isolated transactions for individuals who are not otherwise clients. This service consists of consultations generally followed by written recommendations regarding the specified transaction(s). Fees for this service include a minimum of \$325, with additional charges of \$125 to \$300 per hour for the fourth and subsequent hour thereafter.

The client may terminate a financial planning agreement within five business days after the date when all parties have signed the agreement without penalty. After this five-day period, either party may terminate the agreement upon written notice to the other. The client will incur a prorated charge for bona fide financial planning and/or consulting services rendered prior to such termination. Accordingly, any unearned, pre-paid fees will be returned to the client promptly.

### **Charter's Investment Advisory Services Fees**

Management fees are paid quarterly in advance. Fees are due on the first day of the billing quarter, and may be billed directly to the client or deducted from the advisory account. Fees are based on the account's asset value as of the last business day of the prior billing quarter and are prorated for accounts opened during the quarter.

Fees are negotiable and will be reviewed with each client to discuss the scope prior to entering into an agreement.

An advisory client will have a period of five (5) business days from the date of signing the investment management agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the agreement with 30 days written notice.

The account custodian may charge fees, which are in addition to and separate from the

investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12b (1) fees and other mutual fund annual expenses as described in each fund's prospectus. Advisory clients should also note that fees for comparable services vary and may be considered in excess of industry norm. Lower fees for comparable services may be available from other sources.

**Fees for LPL Advisory Program**

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

<b>Manager Access Select</b>	<b>3.0%</b>
<b>OMP</b>	<b>2.5%</b>
<b>PWP</b>	<b>2.5%</b>
<b>MWP</b>	<b>2.83%*</b>
<b>SMS</b>	<b>1.20%**</b>
<b>GWP</b>	<b>1.35%***</b>

\* The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 2.50%. See the MWP program brochure for more information.

\*\* The SMS fee consists of an LPL program fee of 0.20%, and an advisor fee of up to 1.00%.

\*\*\* GWP Managed Service clients are charged an account fee consisting of an LPL program fee of 0.35% and an advisor fee of up to 1.00%. In the future, a strategist fee may apply. However, LPL Research currently serves as the sole portfolio strategist and does not charge a fee for its services. FutureAdvisor is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase and clients will not benefit from such asset tiers.

GWP Educational Tool provides access to sample recommendations at no charge to users. However, if users decide to implement sample recommendations by executing trades, they will be charged

fees, commissions, or expenses by the applicable broker or adviser, as well as underlying investment

fees and expenses. Account fees are payable quarterly in advance, except that the SMS fee is paid in arrears on the frequency agreed to between client and Advisor.

Excluding SMS and GWP, LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker-dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is effected through LPL.

Charter and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Charter may also be registered representatives of LPL. Under SMS, LPL serves as investment advisor but not the broker-dealer. Advisor and LPL may share in the advisory portion of the SMS fee.

### **Potential Conflicts of Interest**

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to GWP. Therefore, clients could generally pay a lower advisory fee for algorithm-driven, automated ("robo") investment advisory services through FutureAdvisor or other robo providers. However, clients using such direct robo services will forgo opportunities to utilize LPL-constructed model portfolios or to work directly with a financial advisor.

Clients should consider the level and complexity of the advisory services to be provided when

negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with Advisor. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including MAS, PWP and the legacy MWP fee structure), because the portion of the account fee retained by Advisor varies depending on the portfolio strategist fee associated with a portfolio, Advisor has a financial incentive to select one portfolio instead of another portfolio.

### **Solicitation/ Referral Services to Sponsored Programs Directly Managed Programs**

Fees for these services may be negotiated between Charter and the TPIA. Fees for these services may be negotiated, but generally range from .75% to 3.0%, depending upon the program selected, the size of the account and the services covered. Under some programs, an all-inclusive fee covers account management, brokerage, clearance, custody, and administrative services. In other programs the account may be charged separately for such services.

The amount of the fees, the services provided, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in the third party investment adviser's Part 2A of Form ADV, the program's wrap fee disclosure Brochure (if applicable), or other applicable disclosure document, and in the account opening documents. Charter will share in the fee charged by the third party adviser.

Clients receive an account statement at least quarterly, which includes the amount of any fees paid directly to the third party investment adviser. IARs of Charter, or the third party investment adviser may act as broker in connection with the program and may receive additional compensation in the form of commissions.

Advice offered by Charter may involve investment in mutual funds. Clients are hereby advised that all fees paid to Charter for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities.

Charter does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, Charter, and others to fully understand the total amount of fees to be paid by the client.

## ***Performance-Based Fees and Side-By-Side Management***

The fees charged are calculated in the previous Fee and Compensation section, and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

## ***Types of Clients***

Charter offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Investments in the Charter Investment Advisory Services program do not require a minimum account size, however minimum account sizes may be required by the custodian of the model portfolio selected as disclosed in this brochure.

LPL OMP: this program generally has a minimum account size of \$10,000.

LPL PWP: this program generally has a minimum account size of \$250,000.

LPL MWP: this program generally has a minimum account size of \$10,000.

LPL Manager Access Select: this program has a minimum account size of \$100,000, however, in certain instances; the minimum account size may be lower or higher.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Charter will evaluate securities based on a fundamental or technical analysis using charts or cyclical studies.

Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. The primary risk of fundamental analysis is that estimates of intrinsic value might be incorrect.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. The primary risk of Technical analysis is that past market performance is not always an indicator of future market performance.

Each client will meet with Charter to discuss the specific investment strategy to be used such as long term purchases, short term purchases, trading (securities sold within 30 days), margin and option trades. Charter may advise its investment advisory clients on other partnership investments such as mining – precious metals, agricultural business, cable TV, equipment leasing

Securities and other types of investments all involve different types and levels of risk that the client should be prepared to bear. Frequent trading can effect investment performance, particularly through increased brokerage and other transaction costs and taxes. Investment risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their accounts.

Clients must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with clients, Charter attempts to identify the balance of risks and rewards that is appropriate and comfortable for the client. It is still the client's responsibility to ask questions if he or she does not fully understand the risks associated with any investment. Clients are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

Charter cannot assure clients that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

### ***Disciplinary Information***

Investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Charter or the integrity of Charter's management.

Charter has no information applicable to this Item.

### ***Other Financial Industry Activities and Affiliations***

IARs of Charter are separately licensed as registered representatives of LPL Financial. Some IARs of Charter are also dually registered as IARs of LPL. LPL Financial is a broker-dealer, member FINRA/SIPC and an SEC registered Investment Advisor that is independently owned and operated and is not affiliated with Charter. In this capacity, associated persons are involved in the sale of securities of various types, including, but not limited to stocks, bonds, mutual funds, variable annuities, and limited partnerships. In addition, associated persons may also be involved in the sale of insurance products. As such, associated persons can effect transactions in insurance products for clients and earn commissions for these activities.

All compensation received by IARs of Charter for securities transactions through LPL Financial will be separate, yet customary for effecting securities transactions, including 12b-1 fees for the sale of investment company products. IARs may make differing recommendations with respect to the same securities or insurance products to different advisory clients. All recommendations

made are specific to each client's individualized needs and current financial situation.

IARs, in their function as registered representatives and/or insurance agents, will effect securities transactions through LPL Financial. If an advisory client implements recommendations made by the associated person by purchasing securities or other products through LPL Financial, the associated person will receive additional compensation in the form of commissions, including 12b-1 fees for the sale of investment company products.

Certain IARs of Charter may offer pension planning services or be licensed as a CPA and/or an insurance agent with unaffiliated accounting firms and/or insurance agencies. Compensation may be received for these services, including fees for pension planning services, accounting services performed and commissions on insurance products provided. As part of their practice, financial recommendations may be made to clients of Charter by the Pension Consultant, CPA and/or insurance agent. Charter's clients are advised that they are under no obligation to act on these recommendations and have total freedom to implement recommendations through any investment advisor of their choosing.

If the client implements recommendations made by an IAR of Charter by purchasing securities through LPL Financial, the IAR of Charter, in their separate capacity as a registered representative of LPL Financial, may receive additional compensation in the form of commissions, including 12b-1 fees for the sale of investment company products.

Charter's clients are advised that they have total freedom to implement recommendations through any broker/dealer of their choosing.

In addition, from time to time, IARs of Charter may receive 12b-1 distribution fees from investment companies (mutual funds) in connection with the placement of client funds into investment companies through their separate capacities as registered representatives of LPL. IARs will also sell insurance products and will receive income for the sale of such products. Please refer to the Brokerage Practices section of this brochure for a discussion of additional benefits Charter may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

Charter will refer clients to independent, third party investment advisors (TPIA). Charter is engaged by the TPIA to provide referral services on behalf of the TPIA pursuant to an agreement between Charter and the TPIA. Charter is compensated by the TPIA for referring the clients. Fees for these services may be negotiated between Charter and the TPIA. Charter will share in the fee charged by the third party adviser. IARs of Charter, or the third party investment adviser may act as broker in connection with the program and may receive additional compensation in the form of commissions.

The amount of the fees, the services provided, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in the third party investment adviser's Part 2A of Form ADV, the program's wrap fee disclosure Brochure (if applicable), or other

applicable disclosure document, and in the account opening documents. In addition, clients receive an account statement at least quarterly, which includes the amount of any fees paid directly to the third party investment adviser.

As part of their fiduciary duty, Charter, and its associated persons endeavor at all times to put the interest of the client first. Clients should be aware that receipt of additional compensation itself creates a potential conflict of interest.

### ***Code of Ethics***

IARs of Charter may purchase the same securities or other products recommended to clients for their own account. At no time will such a transaction be of such a size to influence the market for the security. Records of any such transactions are available for review.

Charter or individuals associated with Charter may buy or sell – for their personal account(s) - investment products identical to those recommended to clients. As these situations may represent a conflict of interest, Charter has established a code of ethics, the full text of which is available upon request; and it includes the following restrictions in order to ensure Charter's fiduciary responsibilities:

- Charter emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account.
- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, because of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry.
- No associated person of Charter shall prefer his or her own interest to that of the advisory client. Where suitable, investment opportunities must be offered first to clients before Charter or associated persons may participate in such transactions.
- Charter requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to termination.

Charter also maintains and enforces written policies reasonably designed to prevent the misuse



of material non-public information by Charter or any associated person.

Charter's clients or prospective clients may request a copy of Charter's Code of Ethics by contacting Michael J. Kelley at (317) 844-7416 or via email at [mkelley@charteradvisory.com](mailto:mkelley@charteradvisory.com).

It is Charter's policy that Charter will not affect any principal or agency cross securities transactions for client accounts. Charter 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 any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. 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. Agency cross transactions may arise where an adviser is dually registered as a broker/dealer or has an affiliated broker/dealer.

## **Privacy Policies**

Charter views protecting its clients' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, Charter has instituted policies and procedures to ensure that client information is kept private and secure.

Charter does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, Charter may share some information with its service providers, such as transfer agents, custodians, broker/dealers, accountants and lawyers.

Charter restricts internal access to nonpublic personal information about the client to those employees who need to know that information in order to provide products or services to the client. As emphasized above, it has always been and will always be Charter's policy never to sell information about current or former clients or their accounts to anyone. It is also Charter's policy not to share information unless required to process a transaction, at the request of a client, or as required by law.

## ***Brokerage Practices***

Charter will recommend that a client in need of brokerage and custodial services utilize LPL Financial. Client may be able to obtain lower commissions and fees from other brokers.

Associated persons of Charter are also registered as representatives of LPL Financial, a

broker/dealer and a member of FINRA and SIPC. For Charter's accounts custodied at LPL Financial, LPL Financial generally is compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL Financial or that settle into LPL Financial accounts. For IRA accounts, LPL Financial generally charges account maintenance fees. In addition, LPL Financial also charges clients miscellaneous fees and charges, such as account transfer fees. [LPL Financial charges Charter an asset-based administration fee for administrative services provided by LPL Financial. Such administration fees are not directly borne by clients, but may be taken into account when Charter negotiates its advisory fee with clients.

While LPL Financial does not participate in, or influence the formulation of, the investment advice Charter provides, certain supervised persons of Charter are Dually Registered Persons. Dually Registered Persons are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL Financial. As a result, Charter reserves the right not to accept a client account if the client chooses to select a broker or dealer other than LPL Financial.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, Charter is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial.

Clients should understand that not all investment advisers require that clients custody their accounts and trade through specific broker-dealers.

Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of Charter and its Dually Registered Persons that are conducted through broker-dealers and custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because Charter has a financial incentive to recommend that you maintain your account with LPL Financial rather than with another broker- dealer or custodian to avoid incurring the oversight fee.

LPL Financial makes available to Charter various products and services designed to assist Charter in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of Charter's accounts, including accounts not held with LPL Financial. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Charter's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL Financial also makes available to Charter other services intended to help Charter manage and further develop its business. Some of these services assist Charter to better monitor and service program accounts maintained at LPL Financial, however, many of these services benefit only Charter, for example, services that assist Charter in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by Charter in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third party vendor, LPL Financial will either make a payment to Charter to cover the cost of such services, reimburse Charter for the cost associated with the services, or pay the third party vendor directly on behalf of Charter.

The products and services described above are provided to Charter as part of its overall relationship with LPL Financial. While as a fiduciary Charter endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because Charter's requirement that clients custody their assets at LPL Financial is based in part on the benefit to Charter of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL Financial. Charter's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL Financial platform.

#### *Transition Assistance Benefits*

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such

not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at their prior firm. Such payments are generally based on the size of the Dually Registered Person's business established at their prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative may receive.

Transition Assistance payments and other benefits are provided to associated persons of Charter in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to Charter's advisory business because it creates a financial incentive for Charter's representatives to recommend that its clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with LPL Financial and therefore Charter's representatives have an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

Charter attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. Charter considers LPL Financial's products, pricing, and level of service, among other factors, when recommending or requiring that clients maintain accounts with LPL Financial. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

## ***Review of Accounts***

The IAR reviews the client's portfolio continually by reviewing all security positions held by clients under the IAR's supervision. Triggering factors of additional reviews may include changes in client circumstances, changes in world or economic events, and changes to the models used to construct client portfolios, among others. IARs also review accounts continuously in light of changing market conditions. Changes in the tax code or tax rulings also trigger reviews for any impact on client portfolios and other tax consequences. Additionally, client portfolios are reviewed and rebalanced periodically to maintain the asset allocation designations for the account.

For Charter Investment Advisory services, clients will receive quarterly portfolio reports from the custodian, LPL.

LPL OMP Program: In addition to the quarterly portfolio reports described in the applicable program Wrap Brochure or the Form ADV Part 2A of LPL, LPL will transmit to clients: (1) trade confirmations unless the trade is the result of a systematic purchase, systematic redemption or systematic exchange; and (2) account statements, showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month.

LPL Manager Access Select, Model Wealth Portfolios and Personal Wealth Portfolios Programs: In addition to the quarterly portfolio reports described in the applicable program Wrap Brochure or the Form ADV Part 2A of LPL, LPL will transmit to clients account statements showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month.

The third party adviser will provide reports to the clients to include a statement at least quarterly.

### ***Client Referrals and Other Compensation***

Charter does not compensate any non-employee (outside) consultants, individuals and/or entities, for client referrals.

### ***Custody***

Charter's Agreement and/or the separate agreement with a qualified custodian may authorize Charter, through the qualified custodian, to debit the client's Account for the amount of Charter's fee and to directly remit that management fee to Charter in accordance with applicable custody rules. The qualified custodian for client accounts, from which Charter retains the authority to directly deduct fees, have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Charter.

Clients should receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains client's investment assets. Charter urges you to carefully review such statements and compare such 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.

### ***Investment Discretion***

For Charter Investment Advisory accounts, clients may grant Charter authorization to manage client's account on a discretionary basis. Discretionary authorization provides Charter the ability to determine the securities to be purchased and sold and when such securities are purchased and sold. Client will grant such authority to Charter by execution of the client agreement. Where Charter enters into non-discretionary arrangements with clients, Charter will obtain client approval prior to the execution of any trade.

### ***Voting Client Securities***

Charter will not vote proxies on behalf of client accounts. Although, on rare occasions and only at the client's request, Charter may offer clients advice regarding corporate actions and the exercise of proxy voting rights/material.

### ***Class Action Lawsuits***

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Charter has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Charter has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Charter receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

### ***Financial Information***

Registered investment advisers are required to provide you with certain financial information or disclosures about Charter's financial condition. Charter 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. Charter does not required prepayment of any advisory fees of \$1,200 or more, 6 months or more in advance.