



P.O. Box 207,
Duxbury, MA 02331

Form ADV Part 2A – Firm Brochure

888.797.9009

Dated March 24th, 2021

This Brochure provides information about the qualifications and business practices of W.H. Cornerstone Investments Inc., ("Firm"). If you have any questions about the contents of this Brochure, please contact us at 888.797.9009. 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. W.H. Cornerstone Investments Inc. is registered as an Investment Adviser with the U.S. Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about W.H. Cornerstone Investments Inc. is available on the SEC's website at www.adviserinfo.sec.gov which can be found using the firm's identification number 119725.

Item 2: Material Changes

Since the last annual filing of this Form ADV Part 2A, dated March 5th, 2020, the following material changes have occurred:

Item 18: In April of 2020, as a result of the economic uncertainty regarding the COVID-19 pandemic, W.H. Cornerstone Investments Inc. applied for, and received, \$50,897.50 as part of the Payroll Protection Program funded through the Small Business Administration. Please see Item 18 for more details.

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Item 4: Advisory Business

Description of Advisory Firm

W.H. Cornerstone Investments Inc. provides financial planning, consulting and investment management services to its advisory clients. The Firm is owned by its Principals, William M. Harris and Paula S. Harris, and has been conducting business as an investment adviser since 1998.

W.H. Cornerstone Investments Inc. seeks to provide clients with a plan of action that gets them excited about the future, always with an eye toward the overall vision and individual needs of the client. The Firm works with clients on a regular basis to define their goals, track their progress and fine-tune their approach to achieving those goals. The Firm's unique perspective and clarity of purpose allows it to produce an objective, concrete plan based on a thorough analysis of a client's overall circumstances. W.H. Cornerstone Investments Inc. begins any relationship by gaining a holistic understanding of a client's entire state of affairs. With this information, the Firm aims to develop a comprehensive plan that will be stable enough to stay true to a client's specific goals, yet flexible enough to revisit and revise as needs evolve and conditions change.

Prior to engaging W.H. Cornerstone Investments Inc. to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with the Firm, setting forth the terms and conditions of the advisory relationship (collectively the "*Agreement*").

W.H. Cornerstone Investments Inc. has approximately \$124,594,747 of assets under management as of December 31, 2020. \$117,234,262 of these assets is managed on a discretionary basis, and \$7,360,485 is managed on a non-discretionary basis.

While this brochure generally describes the business of W.H. Cornerstone Investments Inc., certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of W.H. Cornerstone Investments Inc.'s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on the Firm's behalf and is subject to its supervision or control.

Types of Advisory Services

Financial Planning and Consulting Services

W. H. Cornerstone Investments, Inc. may provide its clients with a broad range of comprehensive financial planning and consulting services. Each engagement is designed to address the specific needs of the individual client and may include any or all of the following functions:

- Investment Planning
- Retirement Planning
- Asset Allocation
- Business Planning
- Estate Planning
- Insurance Planning
- Risk Management
- Tax Planning
- Lifestyle Analysis

Financial planning and consulting services are offered as either a stand-alone service or as part of a comprehensive wealth management service (as described below).

In performing its services, W.H. Cornerstone Investments Inc. is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. W.H. Cornerstone Investments Inc. may recommend the services of itself, and/or other professionals to implement its recommendations.

A potential conflict of interest exists if W.H. Cornerstone Investments Inc. recommends its own services, such as insurance or investment management. The client is under no obligation to act upon any of the recommendations made by W.H. Cornerstone Investments Inc. under a financial planning or consulting engagement or to engage the services of any such recommended professional, including W.H. Cornerstone Investments Inc. itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Firm's recommendations. Clients are advised that it remains their responsibility to promptly notify W.H. Cornerstone Investments Inc. if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising W.H. Cornerstone Investments Inc.'s previous recommendations and/or services.

Investment Management and Wealth Management Services

Clients can engage W.H. Cornerstone Investments Inc. to manage all or a portion of their assets on a discretionary or non-discretionary basis. In addition, the Firm may provide clients with wealth management services which could include a broad range of financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

W.H. Cornerstone Investments Inc. primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs") and individual debt and equity securities. W.H. Cornerstone Investments, Inc. may allocate or make recommendations regarding the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. When appropriate, W.H. Cornerstone Investments Inc. will also research and offer advice pertaining to other types of investments held in client portfolios.

The Firm is sometimes called upon to render investment management services to clients relative to their variable life/annuity product holdings, individual employer-sponsored retirement plans, education savings accounts ("529 plans"), and/or other savings and investment vehicles. Such assets are often held in accounts not located at the client's primary custodian. In these instances, W.H. Cornerstone Investments Inc. will either direct or recommend the allocation of said assets among the specific investment options made available through the respective plan, product, or offering.

W.H. Cornerstone Investments Inc. also utilizes the services of an unaffiliated third party manager, Atria Investment LLC d/b/a Adhesion Wealth Advisor Solutions ("Adhesion"). Adhesion offers investment platforms which may provide solutions to help investors meet their stated goals and objectives, and are available to us through Charles Schwab & Co., Inc. ("Charles Schwab"). Details of this service, along with associated conflicts of interests, are more fully described at Item 10 below. The selection and use of Outside Managers is delivered on a discretionary basis.

W.H. Cornerstone Investments Inc. seeks to tailor its advisory services to the individual client, endeavoring to properly match asset allocation decisions with each client's respective investment objectives and risk tolerance. While certain common positions may be held across many of the Firm's client portfolios, each client's specific circumstances (appropriate asset allocation, tax status, suitability, etc.) are taken into consideration during the investment planning process. The Firm evaluates these factors while remaining mindful of the client's other less tangible concerns or issues. Accordingly, clients are urged to promptly notify W.H.

Cornerstone Investments Inc. regarding changes in their financial situations or investment objectives, and to alter or impose additional restrictions upon the Firm's management services.

The Firm does not provide securities brokerage services or serve as the sponsor or manager to a wrap fee program (i.e., an investment program where advisory and brokerage services are bundled together under a single fee).

Educational Seminars

We may provide educational seminars on an "as announced" basis for groups seeking general advice on investments and other areas of personal finance. The content of these seminars will vary depending upon the needs of the attendees. These seminars are purely educational in nature and do not involve the sale of any investment products. Information presented will not be based on any one individual person's needs, nor does W. H. Cornerstone Investments, Inc. provide individualized investment advice to attendees during these seminars.

Item 5: Fees and Compensation

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees and without penalty. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

Financial Planning and Consulting Fees

W.H. Cornerstone Investments Inc. may charge a fixed fee for financial planning and consulting services or may include these as part of its overall asset-based fee (as described below). These fees are negotiable, but generally range from \$500 to \$30,000, depending upon the level and scope of the services and the professional rendering the services. If the client engages W.H. Cornerstone Investments Inc. for additional investment advisory services, W.H. Cornerstone Investments Inc. may offset all or a portion of its fees for those services based upon the amount already paid for the financial planning and/or consulting services.

W.H. Cornerstone Investments Inc. generally requires payment of the financial planning and consulting fee upon entering the written agreement.

For clients who wish to continue to engage us for ongoing planning assistance we offer ongoing financial planning and consulting. The fee for this service is paid monthly or quarterly, in advance, at a rate ranging from \$100 - \$2,000 per month/quarter. The fee may be negotiable in

certain cases. This service may be terminated with written notice. Upon termination of any account, the fee will be prorated, and any unearned fee will be refunded to the client.

Investment Management and Wealth Management Fees

W.H. Cornerstone Investments Inc. provides investment and wealth management services for an annual fee based upon a percentage of the market value of the assets being managed by the Firm. The annual fee is prorated and charged monthly and in some cases quarterly, in arrears or advance based upon the market value of the assets being managed by W.H. Cornerstone Investments Inc. on the last day of the previous month or quarter. The annual fee varies up to 1.50%, depending upon the market value of the assets under management and scope and complexity of work to be provided.

W.H. Cornerstone Investments Inc., in its sole discretion, may negotiate to charge a lesser management 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, pre-existing client, account retention, *pro bono* activities, etc.).

W.H. Cornerstone Investments Inc.'s annual fee is exclusive of, and in addition to brokerage commissions, transaction fees and other related costs and expenses which are incurred by the client. W.H. Cornerstone Investments Inc. does not, however, receive any portion of these commissions, fees or costs.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), W.H. Cornerstone Investments Inc. generally recommends that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts.

W.H. Cornerstone Investments Inc. may only implement its investment management recommendations after the client has provided the Firm with all necessary information and authorization relative to its accounts. Financial institutions include, but are not limited to any broker-dealers recommended by W.H. Cornerstone Investments Inc., broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, brokerage commissions and transaction fees, charges imposed directly by a mutual fund or ETF in the account, which is disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage

accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to W.H. Cornerstone Investments Inc.'s fee.

W.H. Cornerstone Investments Inc.'s *Agreement* and the separate agreement with any *Financial Institutions* may authorize W.H. Cornerstone Investments Inc. to debit the client's account for the amount of the Firm's fee and to directly remit that management fee to W.H. Cornerstone Investments Inc. Any *Financial Institutions* recommended by W.H. Cornerstone Investments Inc. 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 the Firm. In addition, W.H. Cornerstone Investments Inc. may send, to certain clients, an invoice for payment in accordance with applicable regulations.

Financial Planning Fixed Fee

Financial Planning may be provided on a fixed fee basis at a range between \$500 and \$20,000, depending on complexity. The fee may be negotiable in certain cases and is due at the completion of the engagement. In the event of early termination by client, any fees for the hours already worked will be due.

Fees for Management During Partial Months of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis. The *Agreement* between W.H. Cornerstone Investments Inc. and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. W.H. Cornerstone Investments Inc.'s fees are prorated through the effective date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to the usual and customary securities settlement procedures and W.H. Cornerstone Investments Inc.'s right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a month, the fee payable with respect to such assets will be prorated based on the number of days remaining in the month. Clients are advised that W.H. Cornerstone Investments Inc. designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Additions may be in cash or securities provided that W.H. Cornerstone Investments Inc. reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. W.H. Cornerstone Investments Inc. may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred

securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or subject to tax ramifications.

Educational Seminars

Fees for Educational Seminars will vary due to varying scope, length, and complexity of seminars. The fee (if applicable) for each seminar will be published on the seminar announcement, invitation and other marketing materials, but will range between \$500 and \$10,000. W.H. Cornerstone Investments Inc. may also provide pro bono seminars at its own discretion.

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

W.H. Cornerstone Investments Inc. does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

W.H. Cornerstone Investments Inc. generally provides its services to individuals and their related accounts. The Firm may also provide services to pension and profit-sharing plans, trusts, estates, corporations and business entities.

While W.H. Cornerstone Investments Inc. does not impose a minimum portfolio size or minimum annual fee to start or maintain an account, the Firm's services are designed and best suited for high net worth individuals.

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

Methods of Analysis

W.H. Cornerstone Investments Inc. may utilize a combination of technical, cyclical, or fundamental analysis.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical-based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying on technical analysis is that identifying historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that W.H. Cornerstone Investments Inc. will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that W.H. Cornerstone Investments Inc. is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For W.H. Cornerstone Investments Inc., this process typically involves an analysis of a fund's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying on fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Investment Strategies

As stated in Item 4, W.H. Cornerstone Investments Inc. seeks to build a customized portfolio based on a client's unique goals, input and risk tolerance. W.H. Cornerstone Investments Inc. primarily allocates clients' investment management assets among mutual funds, ETFs, individual debt and equity securities as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. When appropriate, W.H. Cornerstone Investments Inc. will also utilize other types of investments to meet the client's objectives.

Risk of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Shareholders in mutual funds and ETFs may be exposed to risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-

level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV").

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market which will fluctuate throughout the day. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to the value of their underlying securities or "pro rata NAV". Brokerage commissions and ETF expenses will reduce returns. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares. An ETF may also be limited by its investment strategy which may create concentration risk associated with investing in only one type of investment.

Market Risks

The profitability of certain of W.H. Cornerstone Investments Inc.'s recommendations may depend on correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that W.H. Cornerstone Investments Inc.'s price movement predictions will come to fruition.

Item 9: Disciplinary Information

W.H. Cornerstone Investments Inc. is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management. W.H. Cornerstone Investments Inc. does not have any required disclosures to this Item.

Item 10: Other Financial Industry Activities and Affiliations

William Harris is licensed to sell insurance and may engage in product sales with our clients, for which he will receive additional compensation. Any commissions received through insurance

sales do not offset advisory fees the client may pay for advisory services under W.H. Cornerstone Investments Inc. Clients are under no obligation to use William Harris for their insurance needs.

Recommendations or Selections of Other Investment Advisers

As briefly described in Item 4, we may engage third-party investment managers as part of the investment management process. We seek to only engage managers who are available through Charles Schwab. Charles Schwab offers programs which expand the types of investments independent registered investment advisors, like W.H. Cornerstone Investments Inc., can offer to clients and provide more flexibility in how portfolios are managed. The use of third-party managers may provide access to investment platforms not otherwise available to other investment advisors (such as those requiring high investment minimums or institutional investment programs). The third-party investment managers may also offer specialized investment services or expertise in certain facets of investing. We and any selected third-party investment manager will work in tandem to manage the investments within the client's account(s). Through Charles Schwab, W.H. Cornerstone Investments Inc. incorporates the services of an overlay portfolio manager, Atria Investment LLC d/b/a Adhesion Wealth Advisor Solutions ("Adhesion"), an SEC registered investment advisor. Adhesion facilitates the trading in clients' Charles Schwab accounts by receiving trading signals and then processing, coordinating and implementing the trades into the accounts. When an Adhesion account is established we will deliver to the client: Adhesion's ADV Part 2 Brochure, compensation disclosure information and any other materials required by rule or regulation.

We will perform analysis and due diligence on any third-party investment manager we may engage and will update its due diligence information no less than annually. We do not receive any additional compensation for the selection of third-party investment manager. We will continue to provide our own management services to investments allocated to one or more third-party investment managers and will continue to act as the client's primary investment advisor. Additionally, we will monitor the investment management services and performance of the selected third-party investment manager. In most cases, we and the selected third-party investment manager will manage only a portion of the client's overall investment portfolio. In each case, we will consider the client's stated financial situation, expressed needs and objectives before utilizing the services of one or more unaffiliated independent investment management programs depending upon the client's unique situation. We will utilize third-party investment managers based upon areas of expertise, experience, philosophies and other factors that formulate a suitable match, based upon what we know about the client and our market outlook. The services of third-party investment managers are separate and distinct from the services provided by W.H. Cornerstone Investments Inc. The selected third-party investment manager is responsible for providing the agreed upon financial and/or investment services, suitability and

due diligence, portfolio reporting (if applicable), prompt correction of any trade errors and best execution within their respective programs and pursuant to their written agreement with clients (if applicable).

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

W.H. Cornerstone Investments Inc. and persons associated with W.H. Cornerstone Investments Inc. (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with the Firm’s policies and procedures.

W.H. Cornerstone Investments Inc. has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). W.H. Cornerstone Investments Inc.’s *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its associated persons. The *Code of Ethics* also requires that certain of W.H. Cornerstone Investments Inc.’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact W.H. Cornerstone Investments Inc. to request a copy of its *Code of Ethics*.

Item 12: Brokerage Practices

Factors Used to Select Custodians and/or Broker-Dealers

W.H. Cornerstone Investments Inc. does not have any affiliation with Broker-Dealers, however we recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when instructed. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them.

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see "Products and Services Available to Us from Schwab")

Your Custody and Brokerage Costs

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you fees on trades that it executes or that settle into your Schwab account. Schwab's fees applicable to our client accounts were negotiated based on our commitment to maintain a certain level of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall fees you pay are lower than they would be if we had not made the commitment Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the fees or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

Products and Services Available to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

Services that Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above - see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us.

Brokerage for Client Referrals

W.H. Cornerstone Investments Inc. does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Directed Brokerage

The client may direct W.H. Cornerstone Investments Inc. in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by W.H. Cornerstone Investments Inc. (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, W.H. Cornerstone Investments Inc. may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Aggregating (Block) Trading for Multiple Client Accounts

Generally, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as “block trading”). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Item 13: Review of Accounts

Account Reviews

For those clients to whom W.H. Cornerstone Investments Inc. provides investment management services, the Firm monitors portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom W.H. Cornerstone Investments Inc. provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are generally conducted by the Principal of W.H. Cornerstone Investments Inc. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep W.H. Cornerstone Investments Inc. informed of any changes thereto. W.H. Cornerstone Investments Inc. contacts ongoing

investment advisory clients at least annually to review its services and/or recommendations and to discuss the potential impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from W.H. Cornerstone Investments Inc. and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from W.H. Cornerstone Investments Inc. or an outside service provider.

Item 14: Client Referrals and Other Compensation

Other Economic Benefits

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 - Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Client Referrals

In addition, W.H. Cornerstone Investments Inc. is required to disclose any direct or indirect compensation that it provides for client referrals. The Firm does not provide any compensation for client referrals.

Item 15: Custody

W.H. Cornerstone Investments Inc.'s *Agreement* and/or the separate agreement with any *Financial Institution* may authorize W.H. Cornerstone Investments Inc. through such *Financial Institution* to debit the client's account for the amount of W.H. Cornerstone Investments Inc.'s

fee and to directly remit that management fee to W.H. Cornerstone Investments Inc. in accordance with applicable custody rules.

The *Financial Institutions* recommended by W.H. Cornerstone Investments Inc. 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 W.H. Cornerstone Investments Inc. In addition, as discussed in Item 13, W.H. Cornerstone Investments Inc. may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to any received from W.H. Cornerstone Investments Inc.

Item 16: Investment Discretion

W.H. Cornerstone Investments Inc. may be given the authority to exercise discretion on behalf of clients. W.H. Cornerstone Investments Inc. is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. W.H. Cornerstone Investments Inc. is given this authority through a power-of-attorney included in the agreement between W.H. Cornerstone Investments Inc. and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). W.H. Cornerstone Investments Inc. takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- The timing of when these transactions are affected.

Item 17: Voting Client Securities

W.H. Cornerstone Investments Inc. is required to disclose if it accepts authority to vote client securities. The Firm does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18: Financial Information

W.H. Cornerstone Investments Inc. is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

In April of 2020, as a result of the economic uncertainty regarding the COVID-19 pandemic, W.H. Cornerstone Investments Inc. applied for, and received, \$50,897.50 as part of the Payroll Protection Program funded through the Small Business Administration [Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)(The Payroll Protection Act rule)]. This loan is forgivable if certain criteria are met by W.H. Cornerstone Investments Inc. To the extent the loan is not forgiven, the loan matures two years from the date of the loan. Interest accrues at the rate of one percent from the date of the note, but no payments are due for six months. Beginning after the first six months, the note is payable in eighteen equal monthly payments of principal and interest with the note being paid in full at the end of the twenty-fourth month.