

**Item 1 – Cover Page**

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March 19, 2021

This Brochure provides information about the qualifications and business practices of Exeter Financial LLC ["Exeter"]. If you have any questions about the contents of this Brochure, please contact Exeter at (480) 588-0830 or [info@exeterfinancial.com](mailto:info@exeterfinancial.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.

Exeter is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Exeter also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Summary of Material Changes**

Pursuant to current 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.

Since our last Brochure update in March of 2020, our ownership and executive management has changed though the firm's investment management is conducted by the same advisory personnel. Please see Item 4 and 10 for more information.

In connection with the ownership changes discussed above, we are now affiliated with several insurance agencies all under common control through Exeter's new ownership and management team. While Exeter may make referrals to or receive referrals from these insurance companies, no referral fees are paid between the entities and no Exeter client is required to implement insurance recommendations through the affiliates. Please see Item 10 and Item 14 for more information.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Dorra Tang, Director of Client Solutions at (480) 588-0823 or [dtang@exeterfinancial.com](mailto:dtang@exeterfinancial.com). Additional information about Exeter 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 Exeter who are registered, or are required to be registered, as investment adviser representatives of Exeter.

### Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	7
Item 7 – Types of Clients .....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	6
Item 10 – Other Financial Industry Activities and Affiliations.....	8
Item 11 – Code of Ethics.....	9
Item 12 – Brokerage Practices .....	10
Item 13 – Review of Accounts .....	19
Item 14 – Client Referrals and Other Compensation .....	14
Item 15 – Custody.....	15
Item 16 – Investment Discretion .....	16
Item 17 – Voting Client Securities .....	16
Item 18 – Financial Information.....	16

#### **Item 4 – Advisory Business**

**Exeter Financial LLC** (“Exeter,” “we,” “our,” “us”) is an Arizona limited liability company formed November 16, 2006. In October 2020, Exeter became a wholly-owned subsidiary of Alkeme Holdings, LLC (“Holdings”). Holdings owns Exeter through two intermediary wholly-owned entities. The only owner of Holdings with a greater-than-25% interest is GCP Capital Partners IV, LP. Peter Helms and Steve Harrison were previously the majority owners and the managers of Exeter. They continue to provide investment advice to Exeter’s clients and Steve Harrison remains the Chief Compliance Officer. Curtis Barton is now the CEO; Anton Rosandic the COO; and Stephen Mathews the CFO; none of the new executive officers perform investment advisory functions.

Exeter’s team is comprised of specialized professionals in the areas of investing, estate and trust planning, and tax planning. In addition to the new executive team, Exeter employs six full time staff members with no part-time employees. Of these full-time employees, four perform investment advisory functions.

Exeter is not a custodian of any accounts.

Exeter provides high net worth individuals, families, and related entities with comprehensive and integrated wealth management services which include strategic planning, investment consulting, alternative investment strategies, single stock risk management, and estate and tax planning through professional intermediaries. Advisory services are tailored to the individual needs of each client. The planning process begins by working closely with our clients to identify their long-term goals and objectives. We then seek to develop a comprehensive, integrated wealth management plan helping out clients to achieve what is important for them. We work closely with each client to implement the mutually agreed upon wealth management plan. Specifically for the investment arena, we review each client’s portfolio on an ongoing basis and evaluate possible adjustments in response to economic changes, market trends or client needs. We are committed to identifying and providing access to some of the best, most innovative investment strategies and opportunities.

Exeter performs investment management and/or advisory services for Employee Retirement Income Security Act of 1974 (ERISA) covered retirement plans. Depending upon the needs of the plan, we may serve as a 3(38) discretionary investment manager or 3(21) nondiscretionary advisor. We may also provide

additional consulting services to assist the plan sponsor with meeting its fiduciary obligation as the plan's named fiduciary.

Prior to engaging Exeter to provide advisory services, the client will be required to enter into an Investment Advisory Agreement with Exeter setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

In performing its services, Exeter does not verify information received from the client or from the client's other professionals, and clients understand that Exeter relies on the information provided. If requested by the client, Exeter may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Exeter. Moreover, all clients are advised that it remains their responsibility to promptly notify us of any changes in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Exeter's previous recommendations and/or services. Clients may impose reasonable restrictions on investing in certain securities or types of securities.

As of December 31, 2020, Exeter had approximately \$313.5 million in assets under management (AUM), with approximately \$311.4 million managed on a discretionary basis and approximately \$21 million managed on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

Clients may choose to engage Exeter to provide initial and ongoing financial planning and discretionary investment management services on a *fee-only* basis. Exeter's maximum annual investment management fee shall be 1.25% of the assets placed under Exeter's management. Exeter's annual investment management fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. Exeter generally requires a minimum account of \$1,000,000.00 for its active discretionary investment management services. However, Exeter, in its sole discretion, may reduce its account minimum, minimum annual fee and/or charge a lesser investment 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, negotiations with client, etc.).

Exeter may, in its sole discretion, agree to provide financial planning and/or consulting services (including investment and non-investment related matters) on a stand-alone basis. Should we do so, we will generally charge a fixed or hourly fee for these services, and the services and fees will be described in a separate financial planning or consulting agreement. Exeter's financial planning and consulting fees generally range from \$2,500.00 to \$3,500.00 on a fixed fee basis, and from \$250.00 to \$350.00 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). In working with 401K clients, we may negotiate a lower fee with payment monthly in advance.

Where appropriate, we may also select third party money managers as sub-advisors on client accounts. When using sub-advisors, Exeter selects from a number of registered investment advisors with varying styles and talents, based on the client's individual needs and objectives. Fees for these sub-advisors are separate and distinct from the advisory fees paid to Exeter and will be disclosed to the client at the time the sub-advisor is selected. Additional fees for sub-advisors generally range between 20 and 35 basis points (between .002 - .0035) per year.

Please see Item 12 Brokerage Practices below for more information regarding Exeter's recommendation and use of broker-dealer/custodial firms. Prior to engaging Exeter to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Exeter setting forth the terms and conditions under which Exeter shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Broker-dealers such as Charles Schwab & Co., Inc. charge clients brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual fixed income securities transactions). In addition to Exeter's advisory fee and the above mentioned brokerage and/or transaction fees, the client may also incur charges imposed by separate account money managers and at the mutual fund level.

When recommending mutual funds in its investment management service, Exeter generally recommends only no-load or load-waived mutual funds. However, all mutual funds, exchange traded funds and other investment company securities (Funds) incur certain types of charges and expenses, which are paid from the value of the Funds shares. These charges and expenses include investment management,

transaction, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees. If a client's account holds any such Fund shares, the client will be indirectly paying these expenses, which are in addition to Exeter's investment management fee to the client. Clients are encouraged to read the prospectuses of any Funds which are purchased in their account for a more complete explanation of these fees and expenses.

With certain exceptions, clients can purchase shares of Funds outside of their investment management account without paying for and receiving the benefit of Exeter's investment management services. Certain Funds are offered generally to the public without a sales charge and, for those Funds that are offered with a sales charge, the sales charge described in the Fund's prospectus may be more or less than the investment management fee.

Clients should also be aware that Exeter's investment management fee described above will be imposed on all Fund shares that the client designates as investment management assets and place in their Exeter investment management account, including Fund shares on which they may have previously paid a sales charge. Clients may also be charged redemption fees from mutual funds that were redeemed in order to participate in the investment management service.

Both Exeter's Investment Advisory Agreement and the custodial/clearing agreement authorize the custodian to debit the account for the amount of Exeter's advisory fee and to directly remit that advisory fee to Exeter. The Investment Advisory Agreement between Exeter and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, Exeter will debit the client account for the pro-rated portion of Exeter's quarterly investment management fee.

Item 12 further describes the factors that Exeter considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

#### ***Investments Available without Exeter's Services***

Clients may invest in mutual funds or other investments without the services of Exeter. In that case, the client would not receive the services provided by Exeter which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to the client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees

charged by Exeter to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Exeter believes its fees are competitive with fees charged by other investment advisers, but comparable services may be available from other sources for lower fees than those we charge. Clients receive statements from their selected custodian that reflect all account activity, including Exeter management fee billing. While we have processes in place to verify billing accuracy, it's important to review fees charged by the custodian and let us know of any errors or discrepancies.

### ***Tax Consequences of Transactions***

Clients are advised that any redemptions and exchanges between Funds and other securities transactions in the clients Portfolio Management and Review account might have tax consequences, which clients should discuss with their independent tax advisor.

### ***Brokerage and Custodial Charges***

In addition to Exeter's management fees, clients are also responsible for paying certain charges imposed by unaffiliated third-parties. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. See Item 12, Brokerage Practices, for more information.

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

Exeter does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) and this item is not applicable to our business.

## **Item 7 – Types of Clients**

Exeter primarily provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments and trusts. Exeter generally accepts accounts with a minimum of \$1,000,000.00 or higher. However, Exeter, in its sole discretion, may reduce its account minimum and charge a lesser investment 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, negotiations with client, etc.).

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

Exeter employs a wide range of methods to evaluate investments and determine appropriate positions for portfolios, including charting analysis, fundamental analysis, technical analysis, and analysis of economic, market, industry, firm, and product cycles and trends. Exeter's investment philosophy encourages long-term, buy-and-hold philosophies and approaches in their investment selection and implementation strategies.

Typical sources of information include publicly available SEC filings, press releases, company websites, company earnings calls, financial news and quotation services, financial data providers, financial newspapers and magazines, corporate rating services, analyst research reports, computerized asset allocation models, financial weblogs, internet discussion boards, financial websites, various subscription services and, where practical, inspections of company activities.

Exeter continually adapts its investment strategies to market conditions and individual client needs. Decades of experience have shown that no one approach works at all times for all clients. Generally Exeter holds securities in taxable client accounts for over one year, but, when appropriate, will sell within a year to capture a large gain or harvest a tax loss. Exeter at times engages in margin transactions for its own account, but does not make short sales or engage in margin transactions for clients except in special circumstances and at a client's specific request. Exeter occasionally executes option transactions which include writing covered options, uncovered options or spreading strategies. Exeter may also execute futures transactions at the request of clients.

Exeter does not take tax consequences into consideration when providing these services. Investing in securities involves risk of loss that clients should be prepared to bear. Following are the types of risk that may arise to clients due to the types of securities that are recommended to or purchased for clients or the investment strategies used by Exeter:

Business Risk – the risk that the price of an investment will change due to factors unique to that company, investment or market segment and not the market in general.

Liquidity Risk – the risk associated with the ease of being able to quickly convert the value of a security into an equivalent amount of cash. For example,

money market funds are readily convertible (liquid) while certain limited partnership units or real estate are not.

**Financial Risk** – the risk to specific companies’ future earnings due to their use of debt. Companies that borrow money must pay it back at some future date, plus the interest charges. This increases the uncertainty about the company because it must have enough income to pay back this amount at some time in the future.

**Exchange Rate (Currency) Risk** – the risk that investors in foreign investments may be subject to different exchange rates at the time they wish to convert investment proceeds back to their home currency. If exchange rate risk is high, even though substantial profits may have been made in the foreign markets, a less favorable exchange rate may reduce or eliminate these profits.

**Country (Political) Risk** – the risk that a major change in the political or economic environment of a foreign country may devalue investments made in that country. This risk is usually restricted to emerging or developing countries that do not have stable economic or political environments.

**Market Risk** – the risk that the price of a particular investment will change as a result of overall market conditions that are not specific to that particular company or investment.

**Interest Rate Risk** – the risk that interest rate changes will affect the price of a particular investment. For example, when interest rates rise, the price of bonds generally fall.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Exeter or the integrity of Exeter’s management. Exeter has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### ***Arizona State Insurance Affiliation***

Exeter is an active licensed insurance agency registered with the Arizona State Insurance Department, AZ license #1800006027, NPN# 10334055. Prior to engaging a client into insurance products, Exeter will enter into a selling agreement between various insurance companies in order to provide fixed annuities, life insurance (including whole and term) policies as well as property and casualty insurance policies.

Although Exeter is an insurance agency, we may refer clients to other insurance agencies to offer additional products for potentially more competitive rates. A commission may be earned for a period of time for referrals which is mutually agreed upon in a written referral agreement with the other insurance agency. This agreement clearly defines the duties and responsibilities of each agency. This is a potential conflict of interest. We believe, however, that a referral to another insurance broker is in the best interests of our clients due to the added expertise and range of products available through the other broker which may not be otherwise available through Exeter.

Exeter's investment adviser representatives (IAR) in their individual capacities as independent insurance agents of various insurance companies may effect insurance transactions for clients; however, under no circumstances are any RIA advisory clients under any obligation to use Exeter or its IAR's for these services.

Exeter is affiliated through common ownership and management with the following insurance agencies: Gallant Risk and Insurance Services, Inc., H & S Insurance Services, Inc., Hardy Insurance & Risk Management, Inc., TDW Risk Management LLC, Venture Pacific Insurance Services, Inc., and Westlake Risk & Insurance Services, Inc. These agencies provide a variety of services, including employee benefits, industry-specific commercial coverage, property and casualty insurance for individuals, and life insurance. Where appropriate, we may recommend the use of an affiliated company to meet specific client insurance needs. This presents a conflict of interest because we have a financial interest in our affiliate earning more revenue. We do not receive a referral fee for this arrangement and clients are not required to accept or implement our referrals or recommendations. These affiliated companies may also refer investment management clients to us; we do not currently pay any referral fees

to these entities. Should we begin to pay or receive referral fees, we will update our disclosures and ensure clients receive all applicable information.

### **Item 11 – Code of Ethics**

Exeter has adopted a Code of Ethics (the Code) for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Exeter must acknowledge the terms of The Code annually, or as amended.

Exeter anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Exeter has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Exeter, its affiliates and/or clients, directly or indirectly, have a position of interest. Exeter's employees and persons associated with Exeter are required to follow the Code. Subject to satisfying this policy and applicable laws, officers, directors and employees of Exeter and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Exeter's clients. The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Exeter will not interfere with

- (i) making decisions in the best interest of advisory clients and
- (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Exeter's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code, and to reasonably prevent conflicts of interest between Exeter and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Exeter's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Exeter will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Exeter's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Dorra Tang, Director of Client Solutions at (480) 588-0823 or via email at [dtang@exeterfinancial.com](mailto:dtang@exeterfinancial.com).

## **Item 12 – Brokerage Practices**

### ***The Custodian and Brokers We Use***

Exeter does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### ***How We Select Brokers/Custodians***

We seek to select 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:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (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 the prices
- Reputation, financial strength, and stability
- 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 Brokerage and Custody Costs***

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise. In addition to commissions and asset-based fees, 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 commissions 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. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

***Products and Services Available to Us From Schwab***

Schwab Advisor Services™ 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 generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following 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 a 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
- 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
- Consulting on technology and business needs
- Consulting on legal and related compliance needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

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. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is 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. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us.

#### **Item 13 – Review of Accounts**

Managed account reviews are conducted on an ongoing basis by the client's advisory representative. All clients are advised that it remains their responsibility to advise Exeter of any changes in their investment objectives and/or financial situation. All clients are encouraged to review financial planning issues, investment objectives and account performance with Exeter on an annual basis.

Exeter's advisory representatives and compliance officer periodically monitor accounts to identify and correct any transaction or valuation errors, and to ensure

investment strategies are implemented in a way that is consistent with the client's investment objectives. More frequent account reviews are triggered by such factors as:

- a) Awareness of a material change in a client's circumstances or investment objectives.
- b) Significant changes in market conditions.
- c) Changes in the investment advisor's assessment of a security held in an account.
- d) Divergence of an account's investment performance from management's expectations.

Clients receive transaction confirmations account statements directly from the broker-dealer/custodian holding the assets. Those clients to whom Exeter provides investment supervisory services will also receive a quarterly report from Exeter summarizing advisory account activity and performance.

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

Exeter receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

Exeter has entered into written arrangements to pay cash referral fees to individuals or companies (Solicitors) who recommend prospective clients to Exeter. Likewise, Exeter may enter into written arrangements to receive cash referral fees from individuals or companies. In these cases, there will be a written agreement between Exeter and the Solicitor, which clearly defines the duties and responsibilities of the solicitor under this arrangement. In addition, each Solicitor is required to provide a written disclosure document, which explains to the prospective client the terms under which the Solicitor is working with Exeter and the fact that the Solicitor is being compensated for the referral activities. The Solicitor is also required to furnish a copy

of Exeter's written disclosure document (Form ADV Parts 2A and 2B) to the prospective client and obtain a written acknowledgement from the client that both the Solicitor's and Exeter's disclosure documents have been received. Exeter IARs, in their individual capacities as registered representatives or insurance agents, may from time to time receive incentive awards for the sale of securities and insurance products. The receipt of these awards may affect their recommendation of securities and insurance products to clients.

While Exeter endeavors at all times to put the interest of their clients first as part of its fiduciary duty, clients should be aware that the receipt of any additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals. With full disclosure, Exeter believes that no conflict of interest that is detrimental to the client will result, since through full disclosure, the clients will have the opportunity to determine what is in their best interests.

As disclosed in Item 10, Exeter is under common control with several insurance agencies that offer a variety of insurance products and types of coverage. Where appropriate, we may recommend the use of an affiliated company to meet specific client insurance needs. We do not receive a referral fee for this arrangement and clients are required to accept or implement our recommendations. These affiliated companies may also refer investment management clients to us; we do not currently pay any referral fees to these entities. Should we begin to pay or receive referral fees, we will update our disclosures and ensure clients receive all applicable information.

### **Item 15 – Custody**

While all of your assets are held by an unaffiliated, qualified custodian, we are deemed to have custody of your assets if, for example, you authorize us to instruct the broker dealer, bank or other qualified custodian such as Schwab to deduct Exeter's advisory fees directly from your account or if you grant us authority to move your money to another person's account (a third-party standing letter of authorization or "SLOA"). We send information to the custodian directing them to deduct the advisory fee. You will receive account statements directly from the custodian at least quarterly and these account statements will reflect, among other things, the advisory fee we charge to your account. As noted in Item 13, we also send investment management clients regular performance reports. The reports we provide are not a substitute for your custodial statement and we urge clients to carefully compare the statements you receive from the custodian with the reports you receive from us, and to notify us promptly of any discrepancies. Our reports may vary from custodial statements

based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

Exeter usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Exeter observes limitations and restrictions of the clients for which it advises. For registered investment companies, Exeter's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Exeter in writing.

#### **Item 17 – Voting *Client* Securities**

Exeter does not vote proxies on behalf of our clients. Clients are responsible for:

- (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and
- (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the assets.

Exeter and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the assets.

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

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about Exeter's financial condition. We have no financial condition that impairs our ability to meet contractual commitments to our clients