



# Pine Haven

## Investment Counsel, Inc.

### Form ADV Part 2A Investment Adviser Brochure

March 25, 2021

This brochure provides information about the qualifications and business practices of Pine Haven Investment Counsel, Inc. If you have any questions about the contents of this brochure, please contact Paige Johnson Roth, Chief Compliance Officer, Chief Executive Officer, and President, at 888.396.2749 and/or [paige@pinehaveninv.com](mailto:paige@pinehaveninv.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.

Pine Haven Investment Counsel, Inc. is a 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 with which you determine whether to hire or retain an adviser.

Additional information about Pine Haven Investment Counsel, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

### **Material Changes since the Last Update**

The following is a summary of material changes that were made to the Pine Haven Investment Counsel, Inc. Firm Brochure (Form ADV Part 2A) in the most recent revision dated March 30, 2020:

- Our assets under management are now (12/31/2020): \$129,458,458. We provide services to 75 Households.
- For new clients we are now charging an initial fee to reflect the importance of investment counsel part of our processes.

Several other minor changes have been made to improve the readability and transparency of this document.

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## **Item 4 – Advisory Business**

### **Firm Description**

Pine Haven Investment Counsel, Inc. (Pine Haven) was established in 1999 by Paige Johnson Roth, President, while she was living in Portland, Oregon. In 2001, Paige and the company moved to Massachusetts. Kori Allen, Partner, joined the firm in 2009 and resigned December 31, 2018. Paige is the sole shareholder of Pine Haven Investment Counsel. She is assisted in the office by Maureen Kelly.

### **Types of Advisory Services**

#### *Investment Advisory Services*

Pine Haven provides investment supervisory services. To do this we evaluate our client's financial, family, and investment situation and discuss goals and objectives. Using this information, we develop a plan, which includes investment strategy and asset allocation. The investments selected are based upon clients' unique circumstances. In most cases, discretionary authority is given to us to enact the plan, buy and sell individual investments and continuously supervise investments in your accounts.

Pine Haven stresses a long-term total return approach. Accounts are diversified and holdings are intended to be held through market cycles supporting clients' short and long-term goals. Investments are made in the spirit of investing in the underlying companies and not speculating on current market trends or sentiment.

To provide diversification supportive of each client's unique situation, we may invest in stocks of large United States companies, utilize mutual funds, exchange traded funds (ETF's), real estate investment trusts, business development corporations, sub-advisers (other investment advisers), bonds, cash, and cash equivalents.

#### *Financial Planning/Investment Counsel*

We provide financial planning and counsel as part of our services to our clients. In most cases this includes retirement, tax, charitable, and estate planning. We do not prepare taxes.

We generally do not provide standalone financial planning services. Occasionally, we do have short term projects for specific financial planning issues. We believe that the continuous monitoring of investments is an important part of our services.

#### *Tailored Relationships*

Pine Haven tailors its investment advisory services to the individual needs of the client. Pine Haven clients may choose to impose restrictions on the investments in their account. We may accept any limitation or restriction to discretionary authority on the account provided it is reasonable and does not hamper prudent risk management. All limitations and restrictions placed on accounts must be presented to Pine Haven in writing.

For the appropriate situation we may offer an automated investment program (Program) through which clients are invested in a range of investment strategies we have constructed and manage, each

consisting of a portfolio of exchange-traded funds (ETFs) and a cash allocation. The client may instruct us to exclude up to three ETF's from their portfolio but otherwise cannot direct trades in the account affiliated with this Program. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. We use the *Institutional Intelligent Portfolios® platform (IIP Platform)*, offered by Schwab Performance Technologies (SPT), a software provider to independent investment advisors and an affiliate of CS&Co. (Charles Schwab & Company), to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, Schwab). We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process.

We charge a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. We do not pay SPT fees for the Platform.

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements may be created that reflect the stated goals and objectives.

### **Wrap Fee Programs**

A wrap free program is an investment program where the investor pays one stated fee that includes all management fees, transaction costs, fund expenses and other administrative fees. Pine Haven does not participate in any wrap fee programs.

### **Client Assets**

As of December 31, 2020, our assets under management were \$129,458,458. Our discretionary assets were \$117,643,641 and our non-discretionary assets were \$11,814,817. We provide our services to around 75 households.

## **Item 5 – Fees and Compensation**

### **Compensation**

*Initial Fee.* To reflect the importance of the Investment Counsel portion of our services, Pine Haven, charges an initial fee based on the complexity of the client's situation. The range of Initial Fees is between \$2,500 and \$10,000. The complexity is determined by a variety of factors including marital status, number and type of accounts, family structure and services needed. This amount will be quoted to the Client in advance. A deposit may be required to begin work.

*Ongoing Fees:* Ongoing fees are usually calculated as a percentage of assets under management. Occasionally, we set a fixed annual amount. Pine Haven's fee schedules are described below. Some clients pay more or less than others depending on certain factors, including the type and size of the account, the range of additional services provided to the client, and the total amount of assets managed for a group of related clients. Your fee is specified in your agreement with us.

### *Ongoing Fees Schedule*

Our standard fee schedule for client discretionary advisory services on an annual basis is as follows:

First \$1,000,000	= 1.00%
Next \$1,000,000	= 0.75%
Next \$3,000,000	= 0.50%
Assets over \$5,000,000	= negotiable

Fees are charged quarterly, in arrears and based on a percentage of your assets for the recent past quarter. You are billed based on the account value at the end of the calendar quarter.

Occasionally, individuals will negotiate a flat fee (for example, \$2,500 per quarter). The amount charged will depend on your account size and your unique situation.

### *Financial Planning Services*

Standalone financial planning or special project fees will be charged in one of two ways:

- As a fixed fee, typically ranging from \$1,500 to \$10,000, depending on the nature and complexity of each client's circumstances, or
- On an hourly basis of \$500 per hour, with a minimum of \$1,000.
- A Deposit maybe required before any work is started.

### **Calculation and Payment**

Generally, fees are deducted directly from your account(s) at the end of each quarter, unless otherwise agreed. You may also elect to be billed directly. Whether your fee is deducted from your account(s) or billed separately, your payment terms are specified in your agreement with us.

Advisory fees are prorated for contributions or withdrawals made during the quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Our client agreement may be terminated at any time by written notice to the other party. Upon termination, the fee will be prorated based upon the period of management. If terminated within 5 days of signing the contract, no fees will be charged.

### **Other Fees**

Pine Haven's fees do not include brokerage commissions, transaction fees, and other related costs and expenses incurred by the client. Brokers, custodians, third party investments or other third parties may charge custodial fees, deferred sales charges, management fees, commissions, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Many investment vehicles charge internal management fees that are disclosed in their investment prospectus. Such charges, fees and commissions are in addition to our fee, and we do not receive any portion of these commissions, fees, and costs.

As described in Item 4 Advisory Business, clients enrolled in the IIP Program may pay fees to SPT or brokerage commissions or other fees to CS&Co.as part of the Program. Schwab receives other revenue in connection with the Program.

## **Other Compensation**

Neither Pine Haven nor any of its supervised persons (employees) accept compensation for the sale of securities.

## **General Information on Compensation and Other Fees**

In certain circumstances, fees, account minimums and payment terms are negotiable depending on Client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients.

Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, and the application of experience and knowledge of the client's situation.

All fees paid to Pine Haven for investment advisory services are separate and distinct from the fees and expenses charged by the various investment vehicles mentioned above. These fees and expenses are described in each fund's or sub account's prospectus. These fees will generally include a management fee, other expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A person could invest in a mutual fund or sub-account directly, without the services of Pine Haven. In that case, they would not receive the services provided by Pine Haven which are designed, among other things, to assist a client in determining which mutual funds or sub-accounts are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds/sub-accounts and the fees charged by Pine Haven to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

As part of our services, clients have the ability to contract with a third party (Chicago Clearing) who will research and file, on their behalf, class action litigation claims. For this service, the client's settlement will be reduced by a 20% contingency fee charged by the third-party firm if and when a settlement disbursement is made.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

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

Pine Haven does not charge or accept any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

Pine Haven does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk than appropriate for the client.

## **Item 7 – Types of Clients**

### **Types of Clients**

Pine Haven provides investment advisory and financial planning (investment counsel) services to individuals and families and their associated small business retirement plans, charitable institutions, foundations, and endowments.

### **Account Minimums**

Pine Haven charges an annual minimum fee of \$5,000. This corresponds to a minimum asset level of \$500,000, although this may be negotiable under certain circumstances. For examples: if you are regularly and automatically adding funds to your account(s), if your assets are in 401K (or other company retirement plan) or you have been referred by a client who is family member. For Investment Management Only, the minimum fee is \$2,500. Some existing clients may be at a lower fee. Additionally, Pine Haven may group certain related client accounts for the purposes of achieving the minimum account size. Additionally, smaller Account sizes may be directed to the Schwab Intelligent Investment Portfolios (IIP).

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

### **Investment Strategies**

Pine Haven invests for the long term and in concert with your unique time frame, risk tolerance and goals. Once an appropriate asset mix is determined, we build portfolios primarily with individual stocks, mutual funds, exchange traded funds, real estate investment trusts, business development corporations, bonds and cash. Occasionally we may evaluate and/or advise on annuities, options or real estate partnership shares on your behalf. Our general intent is to purchase and hold investments for longer than a year; however, there may be instances where selling an investment prior to this time will be in your best interest.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

### **Methods of Analysis**

We use a fundamental analysis method of analyzing stock in formulating our investment advice and/or managing client assets:

Pine Haven attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or over-priced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. We believe that in the long-term equity appreciation will follow the long-term health of a company and its earnings irrespective of market conditions.



To further diversify, we may select mutual funds (or ETF's) in addition to individual equities. In selecting funds or other investments, we prefer to invest with other managers who also take a disciplined long-term view with their holdings.

### Risk Disclosure

Investing in securities involves risk of loss that clients should be prepared to bear.

All investment programs have certain risks that are borne by the investor. Pine Haven's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Pine Haven reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. Pine Haven may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

## **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 Pine Haven or the integrity of our management. We have no legal or disciplinary events to report<sup>1</sup>.

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

We are obligated to disclose if we, any of our "supervised persons" (meaning our employees and independent contractors), or any of our affiliates are involved in other financial industry activities, such as those of a broker-dealer, commodity pool operator or a futures commission merchant. We are also obligated to disclose if we receive compensation from other advisers for recommending or selecting those advisers for you.

We do not have any other financial industry activities or affiliations to report to you. In fact, we are not affiliated with any other company. Furthermore, we do not receive compensation from other advisers for recommending or selecting them.

## **Item 11 – Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

### **Fiduciary**

As a registered investment adviser, Pine Haven serves as a fiduciary, and it is our duty to put the interests of you and other clients ahead of our own. We take this role seriously and recognize and appreciate that you and other clients have placed the utmost trust and confidence in us to manage and protect investments under our care. As a fiduciary we have a fundamental obligation to act in your best interest. We make every effort to put your interests ahead of our own and to ensure there are no conflicts of interest in any dealings with you or other clients. If there is a conflict, it will be disclosed in advance or at the moment presented, whichever is first.

### **Code of Ethics**

Pine Haven employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

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<sup>1</sup> We note that registered advisers are required to report, in Part 1A of Form ADV, all disciplinary events regardless of whether they are material. Pine Haven has no disciplinary events of any kind to report.

Paige Johnson Roth, Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of Pine Haven receive preferential treatment. Due to the small size of most trades our trades are not expected to affect the markets.

Pine Haven's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

You may request a copy of our Code of Ethics by contacting Paige Johnson Roth, Chief Compliance Officer at [paige@pinehaveninv.com](mailto:paige@pinehaveninv.com) at 888-396-2749.

We are allowed to buy, sell or trade securities or other assets for our own account(s) that may also be held in your or other client accounts. Because we believe in our investment discipline and investments, we regularly invest in the same securities in which we're investing for our clients.

However, as each person's situation is unique, so are our and our family's circumstance. We may acquire, increase, decrease or dispose of portions of investments that are at the same time being acquired, held or disposed of for a client account. Client accounts are given priority over any account of ours. Our personal trades are reviewed to ensure compliance with our Code of Ethics.

### **Conflicts of Interest**

Directors, officers and employees have a duty to act in the best interests of Pine Haven and its shareholders at all times. As part of this duty, directors, officers and employees are prohibited from engaging in any transaction that involves an improper conflict of interest.

A "conflict of interest" exists when a person's private interests interfere in any way with the interests of Pine Haven. A conflict situation can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or members of his or her family, receives improper personal benefits as a result of his or her position in Pine Haven. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest.

It is almost always a conflict of interest for an employee to work simultaneously for a competitor, customer or supplier. Employees are not allowed to work for a competitor as a consultant or board member. The firm's policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

Conflicts of interest are prohibited as a matter of Pine Haven's policy, unless Pine Haven has approved them. Wherever a conflict of interest arises, the person involved must promptly disclose the circumstances of the conflict to Paige Johnson Roth, Chief Compliance Officer.

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

Our employees/supervised persons may: (a) buy or sell the same securities we buy or sell for your account; or (b) buy or sell the same securities we buy or sell for your account and engage in the transaction at the same time. As a result, there may be a conflict of interest that arises between you and us (or one of our supervised persons) in the allocation of profitable trades. Since Pine Haven typically invests in large multi-national publicly traded companies, it would be rare for conflicts to

arise. If volume is light, we may choose to address potential conflicts by allocating trades to you before we allocate them to our employees/supervised persons.

If we have a client whose securities are traded publicly, we and/or our supervised persons may invest client assets in that company's securities during periods when we do not have any material nonpublic information about that company. Transactions in any such securities must be preapproved by our Chief Compliance Officer.

## **Item 12 – Brokerage Practices**

### **Research and Other Soft Dollar Benefits**

Pine Haven does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Directed Brokerage – Other Economic Benefits”.

### **Brokerage for Client Referrals**

Pine Haven does not receive client referrals from broker/dealers.

### **Directed Brokerage**

**The Custodian and Brokers We Use.** Pine Haven does not maintain custody of your assets that we manage. Although regulatory agencies may consider that we have custody of your assets if you give us authority to withdraw assets from your account on your behalf (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a brokerage firm or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer with the Securities and Exchange Commission (SEC), member SIPC and FINRA, as the qualified custodian.

**Independent.** We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account for you. We (and you) can then instruct Schwab to buy and sell securities. While we recommend that you use Schwab as custodian/broker, you 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 in the process. Even though your account is maintained at Schwab, we may 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 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:

- Combination of transaction execution services and asset custody services
- 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
- 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. Schwab no longer charges any commissions on Equity and ETF trades. Some mutual funds traded at Schwab also have no transaction fees and some do have transaction charges. We could have trades placed at other brokerage firms, however, the trades would incur a trade away fee. Because of this, to minimize your trading costs, we have Schwab execute 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”).

### **Directed Brokerage – Other Economic Benefits**

**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 our clients and us 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 as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees. Currently, 95% of our clients’ assets are custodied at Charles Schwab. 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.

Enrollment in the IIP Program is one of those services available due to our relationship with Schwab Advisor Services. Client accounts enrolled are maintained at, and receive the brokerage services of, CS&Co. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client’s account through the Program. CS&Co. may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment Advisory firms using the Platform.

**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 Benefit Primarily Us and Clients Indirectly.** 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, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- 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 our clients collectively keep a total of at least \$10 million of their 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. 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. We maintain a significant level of client assets under management with Schwab, and thus do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Trade Aggregation**

Our level of discretion to select brokers differs among client accounts that have directed, restricted and unrestricted brokerage. Nevertheless, in all cases, whether trading assets in directed, unrestricted or restricted client accounts, we will aggregate all trades destined for common broker-

dealers. Aggregated trades are then executed in block trades. Block trades are placed and executed immediately following each respective portfolio manager's review and approval.

Occasionally, an aggregated order may only be partially filled. Under such circumstances, the securities are allocated, to the extent feasible, among the applicable clients sharing in the aggregated order on a pro rata basis.'

Exceptions to the pro rata allocation of partially filled orders may occur for several reasons, such as the avoidance of odd lots or de minimis numbers of shares, or sensitivity to total transaction cost. If partially filled orders cannot feasibly be allocated on a pro rata basis, we allocate trades on a random basis to the accounts participating in that aggregated trade. However, client orders are always filled before orders of supervised persons. There may be instances when partially filled orders may adversely affect the size of the position or the price paid or received by the client, as compared with the size of the position or price that would have been paid or received had no aggregation occurred.

## **Item 13 – Review of Accounts**

### **Reviews**

Your account is reviewed on at least a quarterly basis to ensure that your asset allocation is consistent with your investment objectives. Further, we follow the positions in client accounts on a regular basis. Therefore, when there is a significant change in a security all accounts holding that security will be reviewed.

Ms. Roth has the responsibility for communicating with the client and regularly reviewing the client's portfolio including asset allocation and specific assets included in the account(s). The client review includes comparing the portfolio and current security positions with their goals and objectives, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio, and communicating the status of the portfolio and any recommended actions to the client.

### **Review Triggers**

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

### **Reporting**

All Clients will receive a quarterly review. Clients can request the report be emailed to them. Additionally, reports can be sent directly to interested parties (CPAs, children, and/or Attorneys). Included in the quarterly report will be asset allocation information, performance information, a portfolio appraisal, a letter, and a fee invoice.

Other special reports are available upon request.

### **Financial Planning –Reporting**

Financial Planning clients will receive reports as contracted for at the inception of the engagement.

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

### **Other Compensation**

Pine Haven does not receive any economic benefits (other than normal compensation and benefits described in Item 12) from any firm or individual for providing investment advice.

As described in Item 12, we receive an economic benefit from Schwab in the form of the support, products and services it makes available to us. 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**

Pine Haven does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15 – Custody**

We do not provide custodial services to our clients. Unless otherwise agreed, advisory fees are debited directly from client accounts. Under government regulations, we are deemed to have custody of client's assets if the client authorizes us to instruct CS&Co. to deduct our advisory fees directly from the client's account. This is also the case with accounts enrolled in the IIP Program. This type of custody does not require a surprise examination. Your assets are required to be held by a bank, registered broker-dealer or other "qualified custodian." You will receive statements directly from your custodian at least quarterly. We urge you to carefully review the custodial statements and compare them to the reports we send you. The information in our reports may vary from your custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. If the information from your custodian differs from the information we provide, we encourage you to contact our Chief Compliance Officer, Paige Johnson Roth, immediately.

## **Item 16 – Investment Discretion**

Our authority in managing your account includes the full discretionary power to purchase, sell and exchange securities and other instruments, exercise all rights conferred on the holder of such assets, and reinvest all proceeds.

Your agreement with us gives us the authority to exercise full discretion. In addition, we observe investment limitations and restrictions that you provide to us in writing.

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

As a provider of investment advisory services, we are generally authorized to vote proxies on behalf of our clients, in aggregate, in accordance with our Proxy Voting Policy summarized below.

We monitor corporate actions and collect proxies from clients and custodians, determine issues to be voted on, identify and resolve any conflicts of interest, make voting decisions and timely submit proxies. We will resolve any conflict of interest between us and a client by obtaining the client's written consent, by obtaining a voting recommendation from an independent third party, or by



voting in accordance with our predetermined voting guidelines, under which we generally vote with a company's management on "routine" issues, such as uncontested elections of directors. With respect to "non-routine" issues, we generally vote in favor of proposals promoting director independence and employee participation (such as, establishment of stock incentive plans for employees) and against proposals inhibiting the same. Case-by-case consideration will be given to other non-routine matters, including proposed mergers and recapitalizations. We may disregard the voting guidelines in situations where a client's best interest would be served by voting otherwise. We may contract with a third party to streamline the administration of proxy voting and where applicable they either vote according to the above instructions or defer to our judgement.

We maintain proxy voting records in our files for 5 years. A client may obtain a copy of our Proxy Voting Policy or the information on how we voted securities held by you by calling Paige Johnson Roth at (888) 396.2749 or by sending a written request to the address noted on the cover page.

## **Item 18 – Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. We must disclose any financial condition that could impair our ability to meet our contractual obligations to you. We must also disclose if we have been the subject of any bankruptcy proceeding within the last 10 years. We have no such financial condition to disclose to you, and we have never been the subject of any bankruptcy proceeding.