

Stakeholders Capital, Inc.

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March 23, 2021

FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Stakeholders Capital, Inc. If you have any questions about the contents of this brochure, contact us at 413-306-3244. 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.

Additional information about Stakeholders Capital, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Stakeholders Capital, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 23, 2020 we have the following material changes:

1. We are no longer State-registered and officially transitioned as an SEC-registered firm effective 5/7/2020.
2. We no longer have an affiliation with Keel Asset Management, LLC, a third party adviser/sub-adviser.
3. We clarified our non-discretionary authority relating to our advisory business. Refer to Item 4 (*Advisory Business*) and 16 (*Investment Discretion*) below for more information.
4. We clarified our Standing Letters of Authorization or SLOAs. Refer to Item 15 (*Custody*) below for more information.

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Item 4 Advisory Business

A. Ownership and Mission

Stakeholders Capital, Inc. ("Stakeholders Capital") is a state registered investment adviser primarily based in Amherst, Massachusetts. We are organized as a corporation under the laws of the Commonwealth of Massachusetts. We have been providing investment advice since 2009. The company currently has four shareholders: Andrew Bellak, Terry Mollner, Eileen Spira and Brad Stonberg. Mr. Bellak is the majority shareholder of the company.

Stakeholders Capital's mission is to provide wealth planning and investment management services to individuals, families, non-profits, estates, trusts, and corporations. We specialize in Socially Responsible Investing ("SRI"), community investing, impact investing, ethical investing, and conservative hedging through the use of publicly traded index option strategies.

Stakeholders Capital provides financial advice that allows people to invest in companies that reflect their values, risk profile and time horizon to meet their financial objectives.

B. & C. Services Available

Stakeholders Capital provides fee-only, comprehensive investment management services. Our purpose is to help you create, grow, protect and disburse wealth. We achieve this by understanding client goals, creating a plan to achieve those goals and practicing disciplined asset allocation. We believe in a portfolio of assets that fits your risk profile. Matching your time horizon and risk tolerance with your overall objectives is our goal. Stakeholders Capital offers different services depending on your needs:

Continuous Investment Management for Assets under Management ("AUM") Accounts

Stakeholders Capital's primary focus is to provide clients with on-going, continuous investment management. We analyze existing portfolios, establish or assess financial goals and objectives, and make recommendations. In accordance with the clients' risk profile and investment goals, we recommend securities, buy and sell them, and monitor their performance through the investing cycle. Every client has a unique portfolio guided by his or her individual Investment Policy Statement. We consider all client assets to provide a holistic investment approach for your regulatory assets under management. This may include the use of margin or options transactions if consistent with the client's stated tolerance for risk. Because margin and options involve a certain degree of additional risk, it will only be recommended when consistent with the client's stated tolerance for risk. Clients receive an independent statement of the portfolio directly from the custodian.

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives as discussed above.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Consultative Financial Planning

There are times in life when you come to a financial crossroad. How should we pay for college? How much money do we need to accumulate in order to retire? What should I do with my old 401k? What investments should I be choosing in my new one? These types of questions are best answered in a financial planning engagement. This type of advice is provided in our service to our Asset Under Management ("AUM") clients. For other clients, Stakeholders Capital offers these services in a consultative engagement format.

Investment Adviser Representatives of Stakeholders Capital engage in hourly financial planning and provide life and health insurance to clients on a commission basis. Investment Adviser Representatives of Stakeholders Capital have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs.

However, you are under no obligation, contractually or otherwise contractually or otherwise to purchase insurance products through our Investment Adviser Representatives or Stakeholders Capital.

D. Wrap Fee Programs

Stakeholders Capital is not a portfolio manager of, nor a sponsor of, wrap fee programs. Our clients may participate in wrap fee programs through the use of third party money managers. (See disclosure above regarding Selection of Other Advisers).

E. Assets Under Management

As of February 28, 2020, we provide continuous management services for \$107,843,937 in client assets on a discretionary basis, and \$10,453,417 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Continuous Investment Management Fees

Annual continuous investment management fees or regulatory assets under management, i.e. RAUM accounts, are based on the following blended fee schedule:

For the first \$2,000,000 of AUM, the annual fee is 1.00%.

For the next \$3,000,000 of AUM, the annual fee is 0.75%.

For the next \$5,000,000 of AUM, the annual fee is 0.60%.

For the incremental amount of AUM exceeding \$10,000,000.01, the annual fee is 0.50%.

We have a minimum account size of \$1,000,000.

Our advisory fee is negotiable.

Lastly our legacy clients have varied fee schedules with maximum fees not to exceed 1.00% of RAUM.

Billing Method for Management Fees

Fees are billed on a quarterly basis, in arrears, based upon the market value of the assets on the last day of the previous quarter. Stakeholders Capital deducts this fee directly from most clients' accounts. Payment by check can be negotiated. Clients do not pay fees in advance.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the
- specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

You may terminate the portfolio management agreement upon FIVE (5) days' written notice to our firm. You will incur a pro-rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

Consultative Financial Planning Fees

Financial planning and consulting fees are negotiable but generally range from \$500 to \$5,000 on a fixed fee, per diem basis or from \$150 to \$500 on an hourly rate basis. Fees depend on the level and scope of the services and the professional rendering the services. Typically, one half of the fee is due upon signing of the consultative agreement with the balance due upon completion of the consultation services and consultation meeting. Stakeholders Capital will immediately refund any unearned or unapplied fee to the client.

The consultative agreement may not be modified or amended except in writing and signed by both Stakeholder's Capital and by you, the client (the "Client"). Stakeholder's Capital or the Client may terminate the consultative agreement upon receipt of written notice. Thereafter Client will incur a pro-rata charge for bona-fide advisory services actually rendered prior to such termination. After the five day period, either party may terminate the consultative agreement by providing written notice to the other party. Upon termination, any prepaid fees will be prorated to the date of termination and any unearned portion thereof will be refunded to Client.

Other Fees that May Be Incurred

Clients may incur additional charges including:

- Charges imposed by custodians and other third parties such as custodial fees or transfer fees, • Brokerage commissions and transaction fees,
- Charges imposed directly by a mutual fund or exchange traded fund in the account (e.g., fund management fees)
- Deferred sales charges,
- Odd-lot differentials,
- Transfer taxes,
- Wire transfer and electronic fund fees, and
- Taxes on brokerage accounts and securities transactions.

Compensation for the Sale of Securities or Other Investment Products

In addition to being registered as an investment adviser, our firm is also licensed as an insurance agency also named Stakeholders Capital, Inc. hence we are affiliated through common control and ownership. Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these

persons are separate and in addition to our advisory fees. This receipt of commission based compensation presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products; however, we endeavor at all times to place your interests first when making recommendations regarding insurance and investments. Moreover, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure. Please see Item 10 *Other Financial Industry Activities and Affiliations* and Item 14 *Client Referrals and Other Compensation* for more information.

IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
 - a. Employer retirement plans generally have a more limited investment menu than IRAs.
 - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
 - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
 - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.

3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
 - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the Advisory Business section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

Stakeholders Capital provides services to individuals, trusts, estates, charitable organizations, corporations, pension and profit sharing plans.

Minimum Account Size

Stakeholders Capital generally imposes a minimum portfolio size of \$1,000,000 or a minimum annual fee of \$10,000 as a condition for starting and maintaining a relationship. Stakeholders Capital may accept clients with smaller portfolios based upon certain criteria including future earning capacity, anticipated future additional assets, account composition, related accounts, and pre-existing clients. Stakeholders Capital will only accept clients with less than the minimum portfolio size if the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Stakeholders Capital may aggregate the portfolios of family members to meet the minimum portfolio size.

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

Stakeholders Capital uses fundamental security analysis and cyclical charting to analyze investment opportunities.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Charting analysis involves the use of patterns in performance charts.

Stakeholders Capital uses financial newspapers and magazines and websites, research material prepared by corporate analysts, and corporate ratings services such as Morningstar and Standard & Poor's to evaluate the risk of loss and future earnings potential of prospective investment opportunities. Stakeholders Capital meets with each client to determine the client's tolerance for risk and develops an Investment Policy Statement that documents the conclusions of that analysis and guides the investment choices for the client's portfolio.

Investing in securities involves risk of loss and clients should be prepared to bear such losses.

Securities held in an account run the risk of market value changes. All investments run the risk of decreasing in market value. The longer the investment is held, the longer the investment is subject to that risk. Frequent trading of investments runs the risk of incurring transaction costs in excess of the increase in market value, offsetting any increase in value.

Stakeholders Capital employs several strategies for maximizing investment portfolios. Securities may be held for a long period of time (in excess of a year), or sold in less than a year, or sold in less than 30 days. With the client's consent, margin accounts and option writing may be employed.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. The risk of margin transactions is if the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

Option Writing - a securities transaction that involves selling an option. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor sells a put option, he or she must pay the strike price per share if the buyer exercises the option, and will receive the specified number of shares. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option. The risk of options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

All investment programs have certain risks that are borne by the investor. Our 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 today will not buy as much as a

dollar next year, 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.

Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

Item 10 Other Financial Industry Activities and Affiliations

Neither Stakeholders Capital nor any of our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Stakeholders Capital nor any of our management persons are registered or have a pending registration with as a futures commission merchant, commodity pool operator, a commodity trading adviser, or as an associated person of the forgoing entities.

Arrangements with Affiliated Entities

In addition to being registered as an investment adviser, our firm is also licensed as an insurance agency also named Stakeholders Capital, Inc. and thus we are affiliated through common control and ownership. Therefore, persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see [Item 5 Fees and Compensation](#) section above in this Brochure as well as Form ADV Part 2B(s) for more information on the compensation received by insurance agents who are affiliated with our firm and background information about management personnel and those giving advice on behalf of our firm respectively. This affiliated firm

is otherwise regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization.

For Calvert Impact Capital, Inc. (formerly Calvert Social Investment Foundation) Terry Mollner serves on their Board of Directors. Calvert Impact Capital is a 501c3 tax-exempt organization. Calvert Impact Capital offers notes that are publicly traded and Stakeholders Capital makes prospects and clients aware of these notes.

Referral arrangements with an affiliated entity present a conflict of interest for us because we have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

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

Stakeholders Capital has adopted a Code of Ethics ("Code") that is available to clients upon request. Stakeholders Capital has several goals in adopting this Code. Stakeholders Capital desires to comply with all applicable laws and regulations governing our business. Stakeholders Capital has set guidelines for professional standards under which all people providing services for Stakeholders Capital are to conduct themselves.

Stakeholders Capital has set high standards to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with clients. All people associated with Stakeholders Capital ("Associated Persons") are expected to adhere strictly to these guidelines as well as the procedures for approval and reporting related to personal securities transactions and violations of the Code. In addition, Stakeholders Capital maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the firm or Associated Persons.

Stakeholders Capital does not buy nor sell securities for itself that it also recommends to clients. However, Associated Persons are permitted to buy or sell securities that are also recommended to clients consistent with the following policies and procedures:

When Stakeholders Capital is contemplating or actively purchasing or selling any security on behalf of clients, no Associated Person may effect a transaction in that security in any account in which they have a beneficial interest prior to the completion of the client purchase or sale or until a decision has been made not to purchase or sell the security for clients.

If security transactions for both client accounts and Associated Person's accounts are completed on the same day, the client's transactions shall be completed first or executed in a batch trade. Any shortfall in allocation in the batch shall be assigned to the Associated Person first.

No Associated Person may purchase for any account in which they have a beneficial interest any securities that are a part of an initial public offering except when such securities are deemed unsuitable for client accounts or, if deemed suitable for client accounts, only after all client account demand has been satisfied. In all cases, Associated Persons must obtain approval from Stakeholders Capital's compliance officer before acquiring beneficial ownership in any initial public offering or limited offering.

The foregoing policies are not applicable:

- Transactions effected in any account over which neither Stakeholders Capital nor any Associated Person has any direct or indirect influence or control.
- Transactions in securities that are: direct obligations of the government of the United States or its agencies, banker's acceptances, bank certificates of deposit, commercial paper, high quality short-term debt instruments,
- including repurchase agreements, and shares issued by registered open-end investment companies.

This policy recognizes that some securities considered for purchase and sale on behalf of Stakeholders Capital's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. Stakeholders Capital will maintain records of these trades, including the reasons for any exceptions.

Item 12 Brokerage Practices

We recommend the brokerage and custodial services of TD Ameritrade, and Charles Schwab, Inc. (whether one or more "Custodian"). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Economic Benefits

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

We routinely require that you direct our firm to execute transactions through TD Ameritrade, and Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

Batch Trading Practices

Transactions for each client generally will be effected independently unless Stakeholders Capital decides to purchase or sell the same securities for several clients at approximately the same time. Stakeholders Capital may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Stakeholders Capital's clients differences in prices and commissions or other transaction costs than might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to the price and allocated among Stakeholders Capital's clients pro-rata to the purchase and sale orders placed for each client on any given day.

To the extent that Stakeholders Capital decides to aggregate client orders for the purchase or sale of securities, including securities in which Stakeholders Capital's Associated Persons may invest, Stakeholders Capital shall generally do so in accordance with applicable rules under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Stakeholders Capital shall not receive any additional compensation or remuneration as a result of trade aggregation.

In the event that Stakeholders Capital determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- (i) When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates.
- (ii) Allocations may be given to one account when one account has limitations in its investment guidelines that prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts.
- (iii) If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts. (This may be due to unforeseen changes in an account's assets after an order is placed).
- (iv) With respect to sale allocations, allocations may be given to accounts low in cash.
- (v) In cases when a pro-rata allocation of a potential execution would result in a very small allocation in one or more accounts, Stakeholders Capital may exclude that account(s) from the allocation; the transactions may be executed on a pro-rata basis among the remaining accounts.
- (vi) In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Item 13 Review of Accounts

Stakeholders Capital monitors continuous investment management clients (i.e., AUM client) portfolios as part of an ongoing process. Written reports are sent to fee paying clients quarterly. Those reports include information about the portfolio holdings, inflows and outflows of capital, a detailed accounting of management fees, and overall portfolio performance.

Regular account reviews for AUM clients are conducted on at least an annual basis. Stakeholders Capital shall contact AUM clients at least annually to review its previous services and/or recommendations and discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. For financial planning and or consulting clients, reviews are conducted on an "as requested" basis.

All reviews are conducted by one of Stakeholders Capital's three investment adviser representatives ("reviewers"). Each reviewer can be assigned up to a maximum of 150 investment advisory client accounts to review annually.

AUM clients are encouraged to discuss their needs, goals, and objectives with Stakeholders Capital and to keep Stakeholders Capital informed of any changes that may affect those goals.

Item 14 Client Referrals and Other Compensation

As disclosed above under Item 5 *Fees and Compensation* section in this Brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

We will also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

Standing Letters of Authorization

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization ("SLOA"). An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

For first person transfers when a client grants us the authority to move money between the client's own accounts (generally limited to "like titled accounts") we obtain written authorization signed by the client that provides sufficient specificity identifying accounts for which the transfer is being effected as belonging to the client. Although there are regulatory questions surrounding whether transferring assets from an individual account to a joint account with a spouse is considered like-titled our approach under these circumstances will be consistent with our third party SLOAs as discussed above.

A surprise annual audit would be required by reason of having custody, should we not meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16 Investment Discretion

When assets under management ("AUM") accounts are managed on a discretionary basis this means that Stakeholders Capital decides what investments to purchase, sell or hold for each account without consulting with the client first. AUM clients are required to sign an investment management agreement. The investment management agreement includes a paragraph, which provides a limited power of attorney which provides Stakeholders Capital with discretionary authority.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Item 17 Voting Client Securities

Stakeholders Capital DOES accept proxy-voting authority for client accounts. This means that the clients may opt to pass on the responsibility for voting on all corporate matters for which they are eligible to vote. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent if they do not opt for Stakeholders Capital to vote on their behalf, and can contact us with questions about a particular solicitation.

When Stakeholders accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients.

At any time, clients may contact Stakeholders Capital to request information about how Stakeholders voted proxies for that client's securities.

In the event that the client wishes to direct our firm on voting a particular proxy, the client should contact our firm at the telephone number listed on the cover page of this Brochure with his/her instruction.

If there is a situation where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Stakeholders maintains with persons having an interest in the outcome of certain votes, Stakeholders will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict. Clients may obtain a copy of Stakeholders proxy voting policies and procedures upon request.

Item 18 Financial Information

Notwithstanding the items as discussed under Item 15 above, we are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees six or more months in advance, or
- take physical custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you, or
- have not filed a bankruptcy petition at any time in the past ten years.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure. We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Massachusetts Residents: Our firm is forbidden to share any information which qualifies as private unless you specifically agree to, or "opt in", to sharing such information.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

For accounts using TD Ameritrade as custodian, as of April 1, 2014, if a profit results from correcting the trade, you will not retain the profit as all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.