

# Disclosure Brochure

March 9, 2021

## **Trueman Brown, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Trueman Brown, LLC (hereinafter "Trueman Brown" or the "firm"). If you have any questions about the contents of this brochure, please contact Roy W. Brown at (847) 228-1968. 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 Trueman Brown, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Trueman Brown, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Trueman Brown is required to discuss any material changes that have been made to the brochure since the last annual amendment filed March 5, 2020. While certain information has been updated, the Firm has not made any other material changes to the content of the brochure.

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## Item 4. Advisory Business

Trueman Brown has been in business as a registered investment adviser since November 2006. The firm Trueman Brown offers clients a range of financial planning, consulting and investment management services. The principal owner of Trueman Brown is Roy W. Brown, CFP®. As of February 22, 2021, the firm had \$124,630,107 in assets under management, \$119,577,225 of which was managed on a discretionary basis and \$5,052,882 of which was managed on a non-discretionary basis.

Prior to engaging Trueman Brown to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Trueman Brown setting forth the terms and conditions under which Trueman Brown renders its services (collectively the “*Agreement*”).

This Disclosure Brochure describes the business of Trueman Brown. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Trueman Brown’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Trueman Brown’s behalf and is subject to Trueman Brown’s supervision or control.

### Financial Planning and Consulting Services

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Trueman Brown provides clients with a broad range of comprehensive financial planning and consulting services, addressing a variety of investment and non-investment related matters. These services include retirement planning, education planning and protection planning, among other similarly related functions.

In performing these services, Trueman Brown is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Trueman Brown may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Trueman Brown recommends its own services. The client is under no obligation to act upon any of the recommendations made by Trueman Brown under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Trueman Brown itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Trueman Brown’s recommendations. Clients are advised that it remains their responsibility to promptly notify Trueman Brown if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Trueman Brown’s previous recommendations and/or services.

### Investment Management Services

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Trueman Brown manages clients’ investment portfolios primarily on a discretionary but also on a non-discretionary basis, as described below.

Trueman Brown primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, alternative investments and/or options as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client.

In addition, Trueman Brown may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

Trueman Brown also may render non-discretionary investment management services to clients relative to variable life/annuity products that they own, their individual employer-sponsored retirement plans and/or 529 plans or other products that are not held by the client's primary custodian. In so doing, Trueman Brown either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Trueman Brown tailors its advisory services to the individual needs of clients. Trueman Brown consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Trueman Brown ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Trueman Brown if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Trueman Brown's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Trueman Brown's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Item 5. Fees and Compensation**

Trueman Brown offers its services on a fee basis, which include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of Trueman Brown's *Supervised Persons*, in their individual capacities, offer insurance products under a commission arrangement.

## Financial Planning and Consulting Fees

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Trueman Brown charges a fixed fee and/or hourly fee for its standalone financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$25,000 on a fixed fee basis and/or \$200 on an hourly basis. This fee is largely determined by the level and scope of the services and the professional engaged to render them. If the client engages Trueman Brown for additional investment advisory services, Trueman Brown may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services. Certain of the firm's financial planning and consulting services may also be provided to existing investment management clients on an ongoing basis at no additional charge to the client.

Prior to engaging Trueman Brown to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Trueman Brown setting forth the terms and conditions of the engagement. Generally, Trueman Brown requires one-half of the financial planning or consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance will typically be due upon delivery of the financial plan or completion of the agreed upon services.

## Investment Management Fee

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Trueman Brown provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Trueman Brown. This fee is prorated and charged quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. The annual varies between 0.25% and 1.00% of the assets being managed by Trueman Brown, depending upon the account size, composition of a client's portfolio and the type of investment management services to be rendered, as follows:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
up to \$499,999	1.00%
\$500,000 - \$2,999,999	0.75%
\$3,000,000 - \$4,999,999	0.65%
\$5,000,000 - \$6,999,999	0.50%
above \$7,000,000	0.25%

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

## Fee Discretion

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Trueman Brown, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount

of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), Trueman Brown recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

Trueman Brown may only implement its investment management recommendations after the client has arranged for and furnished Trueman Brown with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, any other broker-dealer recommended by Trueman Brown, broker-dealer directed by the client, trust companies, banks, etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to Trueman Brown's fee.

### **Fee Debit**

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Trueman Brown's *Agreement* and the separate agreement with any *Financial Institutions* authorize Trueman Brown to debit the client's account for the amount of Trueman Brown's fee and to directly remit that management fee to Trueman Brown. Any *Financial Institutions* recommended by Trueman Brown have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Trueman Brown.

### **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Trueman Brown and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Advisory clients are permitted to terminate the *Agreement* without penalty within five (5) business days of entering into the *Agreement*. Trueman Brown's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Trueman Brown's right to terminate an account. Additions may be in cash or securities provided that Trueman Brown reserves the right to liquidate any transferred securities or declines to accept particular securities

into a client's account. Clients may withdraw account assets on notice to Trueman Brown, subject to the usual and customary securities settlement procedures. However, Trueman Brown designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Trueman Brown may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

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

Trueman Brown does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

### **Item 7. Types of Clients**

Trueman Brown provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

#### **No Minimums**

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Trueman Brown does not impose a minimum portfolio value or minimum annual fee for starting and maintaining an investment management relationship.

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

#### **Methods of Analysis**

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Trueman Brown relies on a combination of inherently fundamental and technical methods of analysis.

*Fundamental analysis* involves an examination of the fundamental financial condition and competitive position of a company. Trueman Brown analyzes the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using



fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

*Technical analysis* involves the examination of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Trueman Brown will be able to accurately predict such a reoccurrence.

### Investment Strategies

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#### *Strategy*

Trueman Brown seeks long-term growth of capital by investing in a range of securities and asset classes. The firm attempts to preserve capital during volatile markets while growing assets over the long-term.

#### *Investment Process*

Using various analytical tools, Trueman Brown seeks to access and understand the current investment environment along with the corresponding opportunities and risks present during those market conditions. Specifically, the firm targets and analyzes three key areas:

1. Economic data and how it relates to the business cycle and financial markets;
2. Valuations among asset classes along with risk/reward opportunities; and
3. Market internals and relationship among various asset classes.

#### *Investment Allocation*

After an assessment of the investment environment, Trueman Brown allocates capital among various asset classes and securities in an attempt to provide the best combination of potential return and risk exposure in accordance with each client's investment objectives.

### Risks of Loss

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#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Market Risks*

The profitability of a significant portion of Trueman Brown's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Trueman Brown will be able to predict those price movements accurately.

### *Use of Private Collective Investment Vehicles*

Trueman Brown may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the

vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *Management Through Similarly Managed Accounts*

Trueman Brown generally manages portfolios by allocating portfolio assets among various mutual funds and securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, Trueman Brown buys, sells, exchanges and/or transfers shares of mutual funds and securities based upon the *investment strategy*.

Trueman Brown’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to Trueman Brown’s clients may be limited. For example, various mutual funds or insurance companies may limit the ability of Trueman Brown to buy, sell, exchange or transfer securities consistent with its *investment strategy*. As further discussed in response to Item 12B (below), Trueman Brown allocates investment opportunities among its clients on a fair and equitable basis.

### *General Risk of Loss*

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

## **Item 9. Disciplinary Information**

Trueman Brown is required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of management. Trueman Brown does not have any required disclosures to this Item.

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

Trueman Brown is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

## Receipt of Insurance Commission

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Certain of Trueman Brown's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Trueman Brown does not sell such insurance products to its investment advisory clients, Trueman Brown does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Trueman Brown recommends the purchase of insurance products where Trueman Brown's *Supervised Persons* receive insurance commissions or other additional compensation.

## Item 11. Code of Ethics

Trueman Brown and persons associated with Trueman Brown ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Trueman Brown's policies and procedures.

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

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

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

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

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

Clients and prospective clients may contact Trueman Brown to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

As discussed above, in Item 5, Trueman Brown recommends that clients utilize the brokerage and clearing services of *Fidelity*.

Factors which Trueman Brown considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables Trueman Brown to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Trueman Brown's clients comply with Trueman Brown's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Trueman Brown determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Trueman Brown seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom Trueman Brown and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. Trueman Brown periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Trueman Brown in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Trueman Brown will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Trueman Brown (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Subject to its duty of best execution, Trueman Brown may decline a client's request to direct brokerage if, in Trueman Brown's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client will be effected independently, unless Trueman Brown decides to purchase or sell the same securities for several clients at approximately the same time. Trueman Brown 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 Trueman Brown's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Trueman Brown's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Trueman Brown determines to aggregate client orders for the purchase or sale of securities, including securities in which Trueman Brown's *Supervised Persons* may invest, Trueman Brown does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Trueman Brown does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Trueman Brown 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 which 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 *de minimis* allocation in one or more accounts, Trueman Brown may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (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.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Trueman Brown in its investment decision-making process. Such research generally will be used to service all of Trueman Brown's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Trueman Brown does not have to produce or pay for the products or services.

## Software and Support Provided by Financial Institutions

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Trueman Brown may receive from *Fidelity*, without cost to Trueman Brown, computer software and related systems support, which allow Trueman Brown to better monitor client accounts maintained at *Fidelity*. Trueman Brown may receive the software and related support without cost because Trueman Brown renders investment management services to clients that maintain assets at *Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit Trueman Brown, but not its clients directly. In fulfilling its duties to its clients, Trueman Brown endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Trueman Brown’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Trueman Brown’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Trueman Brown may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

*Fidelity* also makes available to the Firm, at no additional charge, certain research and brokerage services, including research services obtained by *Fidelity* directly from independent research companies, as selected by Trueman Brown (within specified parameters). These research and brokerage services are used by the Firm to manage accounts for which it has investment discretion.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor’s clients’ assets are maintained in accounts at *Fidelity*. *Fidelity*’s services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, *Fidelity* generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through *Fidelity* or that settle into *Fidelity* accounts.

*Fidelity* also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients’ accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by *Fidelity*. Other potential benefits may include occasional business entertainment of personnel of Trueman Brown by *Fidelity* personnel, including meals, invitations to

sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Trueman Brown in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at *Fidelity*. *Fidelity* also makes available to Trueman Brown other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, *Fidelity* may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. *Fidelity* may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Trueman Brown endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at *Fidelity* may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by *Fidelity*, which creates a potential conflict of interest.

### Item 13. Review of Accounts

#### Account Reviews

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For those clients to whom Trueman Brown provides investment management services, Trueman Brown monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Trueman Brown provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by the Principal of Trueman Brown, Roy W. Brown, CFP®. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Trueman Brown and to keep Trueman Brown informed of any changes thereto. Trueman Brown contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

#### Account Statements and Reports

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. From time-to-time or as otherwise requested, those clients to whom Trueman Brown provides investment advisory services may also receive a report from Trueman Brown that may include such relevant account



and/or market-related information such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with those they receive from Trueman Brown.

Those clients to whom Trueman Brown provides financial planning and/or consulting services will receive reports from Trueman Brown summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Trueman Brown.

### Item 14. Client Referrals and Other Compensation

#### Client Referrals

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The Trueman Brown does not currently provide compensation to any third-party solicitors for client referrals.

#### Other Economic Benefits

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The Firm receives economic benefits from CUSTODIAN. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12. .

### Item 15. Custody

Trueman Brown's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Trueman Brown through such *Financial Institution* to debit the client's account for the amount of Trueman Brown's fee and to directly remit that management fee to Trueman Brown in accordance with applicable custody rules.

The *Financial Institutions* recommended by Trueman Brown have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Trueman Brown. In addition, as discussed in Item 13, Trueman Brown also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Trueman Brown.

#### Standing Letters of Authorization

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Trueman Brown also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have

the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

### Item 16. Investment Discretion

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

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Financial Institutions* to be utilized.

### Item 17. Voting Client Securities

Trueman Brown is required to disclose if it accepts authority to vote client securities. Trueman Brown does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

### Item 18. Financial Information

Trueman Brown is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

**Trueman Brown, LLC**  
*a Registered Investment Adviser*

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Prepared by:

