



Firm Brochure (Form ADV Part 2A)

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Business Office Address:

10811 Main St
Bellevue, WA 98004

P 425.401.1211 / 800.401.4534

F 425.401.1231

www.TrutinaFinancial.com

This Form ADV Part 2A ("Brochure") is a very important document between Clients (you, your) and Trutina Financial (Trutina, us, we, our). The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisors) which are factors in your decision to hire us.

This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this Brochure, please contact us at 425.401.1211 or 800.401.4534. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Regulatory Authority. We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training.

Additional information about our firm (and our employees) is available to you for free, by visiting www.adviserinfo.sec.gov, a Securities and Exchange Commission website.



Item 2—Material Changes

This follows our last brochure dated July 8, 2020 and updates our assets under management. We have included information on non-advisory services we provide called Pension Exit. Additionally, we have removed Steve Herman as owner and added Cindy Patterson. We have also updated information on TruNest, our automated investment program. Finally, we have clarified our offering for retirement plans.

In the future, this section will discuss specific material changes that are made to the Brochure and provide clients with a summary of such changes. Following the SEC and state rules, we will ensure that clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may provide other ongoing disclosure information about material changes as necessary.

If clients or prospective clients want to learn additional information about us or our Financial Advisors, please call (425) 401-1211 or visit the SEC's website at www.adviserinfo.sec.gov.

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Item 4—Advisory Business

Overview of our Firm:

Trutina Financial, originally called Bellevue Financial, Inc., was created in 2005 to provide ongoing wealth management services to individuals and companies. In 2009, Storehouse Partners, LLC joined Trutina Financial. In September 2010 we officially began offering our services as Trutina (which means “balance” in Latin) Financial from Bellevue Financial, Inc. Our principal shareholders are Matt Myers, Geoffrey Schock and Cindy Patterson. We provide comprehensive financial planning and wealth management services (Portfolio Management Services) as well as Retirement Plan Advisory Services.

Portfolio Management Services

We can provide Portfolio Management Services through our Trutina’s Tru-Path personalized investment services or through Trutina’s Tru-Nest Digital Financial Platform:

Trutina’s Tru-Path Investment Services

We provide portfolio management services with discretionary investment authority. Discretion means determining the securities to buy or sell and the amount of those securities without obtaining your consent. Your consent and our investment authority, as well as the fees for our services are documented in the written advisory agreement (“Agreement”) we enter with you.

We determine the securities to purchase or sell for you by assessing your needs as a Client. This may be accomplished through a variety of means including, but not limited to, personal interviews or through Trutina’s TruPath™ process. TruPath™ is accomplished over four steps:

1. The Briefing – where you talk and we listen; ask clarifying questions to make sure we understand every aspect of your current situation and future Plans.
2. The Roundtable – once we assimilate your input, our team of investment professionals weigh in on the best strategy and investment portfolio that reflect you.
3. Results, delivered – we sit down with you to review a range of options, defined with you in mind that are summarized, clearly explained and ranked to incorporate your needs and objectives.
4. Regular reviews – we keep in touch with you and track your goals and objectives. We monitor and adjust your life plans and goals that are consistent with markets, your needs and changes to both.

Through our Portfolio Management Services we provide a portfolio solution that makes sense for you today and tomorrow. We will ensure you are provided with investment management services to meet your specific needs and circumstances. We will follow investment restrictions you provide to us in writing or on the Agreement you sign with Trutina. However, if we are unable to accommodate your restrictions we will notify you accordingly.

It is important to keep us apprised of any changes in your financial situation that may impact your investment goals or objectives. If we do not have current information it could adversely impact the success of your financial plan.

Trutina’s Tru-Nest Digital Financial Platform

In some cases, we may recommend or make available the utilization of an online, automated program called Tru-Nest (“Tru-Nest”) that utilizes the Institutional Investment Program (“IIP®”) offered by Schwab Performance Technologies (“SPT”), an affiliate of Charles Schwab & Co. (“Schwab”). We are not affiliated with or sponsored by Schwab or SPT. IIP® provides us a technology platform for trading and account management, including an online questionnaire that assists clients in determining their investment objectives and risk tolerance. Through Tru-Nest (and subsequently through IIP®) clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds and mutual funds (“Funds”) and a cash allocation. The client may instruct us to exclude positions from their Tru-Nest portfolio. Tru-Nest and the utilization of IIP® may produce a conflict of interest because it automates the trading process for us. However, we will only recommend or make Tru-Nest available if we believe it is appropriate for the client.

Retirement Plan Advisory Services

We deliver investment advisory, investment management and consulting solutions to employer-sponsored retirement Plans (“Plan”) through our Retirement Plan Advisory Services (“Services”). Specifically, our Services include: (1) Discretionary Investment Management Services, (2) Nondiscretionary Investment Advisory Services, and/or (3) Consulting Services (together, the “Retirement Plan Services”). Depending on the type of the Plan and the specific arrangement with the sponsor, we may provide one

or more of these services.

In some cases, we provide investment advisory or management services remotely to Plan sponsors ("Sponsor") in connection with arrangements we have with other retirement Plan service providers. Upon being engaged by the Plan Sponsor, we will provide a copy of this Form ADV Part 2A and the Retirement Plan Services Agreement ("Retirement Agreement") for review.

Discretionary Investment Management Services:

These services are designed to allow the Plan fiduciary to delegate responsibility for managing, acquiring and disposing of Plan assets that meet ERISA requirements. We will perform these investment management services and will charge a fee as described in this Form ADV and the Retirement Agreement. We will perform these services to the Plan as a fiduciary defined under ERISA Section 3(21) and will act with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. We also may provide investment management services with discretionary authority or control over assets of the Plan. These services are typically referred to as 3(38) investment services. Specifically, the Sponsor may determine that we should perform the following services:

- a. Preparation and Delivery of the Plan's Investment Policy Statement ("IPS"): We will review with the Sponsor the investment objectives, risk tolerance and goals of the Plan. We will prepare and deliver an IPS to the Sponsor that aligns with the objectives and goals previously identified by the Sponsor.
- b. Selection and Monitoring of the Plan's Designated Investment Alternatives ("DIAs"): Once the IPS is approved by the Sponsor, we will review the investment options available to the Plan and will select the Plan's DIAs to be offered to Plan participants that meet the criteria set forth in the IPS. On an ongoing basis, we will monitor and evaluate the DIAs to be offered to the Plan participants and replace DIAs, when necessary, to meet the criteria of the Plan's IPS.
- c. Qualified Default Investment Alternative(s) ("QDIAs") Management: We will develop model portfolios using a prudent process for each Plan if a QDIAs are required.

Nondiscretionary Investment Advisory Services:

These services are designed to allow the Sponsor to retain full discretionary authority or control over assets of the Plan with us making investment recommendations to the Sponsor. We will perform these nondiscretionary investment advisory services through our Financial Advisors ("FA"), and may charge a fee for the Services, as described in this Form ADV and the Retirement Agreement. We will perform these investment advisory services to the Plan as a fiduciary defined under ERISA Section 3(21) and will act with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. Specifically, the Sponsor may engage us to perform one or more of the following nondiscretionary investment advisory services:

- 1) Recommendations to Establish or Revise the Plan's IPS: We will review with the Sponsor the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, we will recommend investment policies to assist the Sponsor to establish an appropriate IPS. If the Plan has an existing IPS, we will review it for consistency with the Plan's objectives.
- 2) Recommendations to Select and Monitor the DIAs: Based on the Plan's IPS or other guidelines established by the Plan, we will review the investment options available to the Plan and will make recommendations to assist the Sponsor to select the DIAs to be offered to Plan participants. Once the Sponsor selects the DIAs, we will, on a periodic basis and/or upon reasonable request, provide reports, information and recommendations to assist the Sponsor in monitoring the DIAs. If the IPS criteria require a DIA to be removed, we will provide information, analysis and recommendations to the Sponsor to help evaluate replacing DIAs.
- 3) Recommendations to Select and Monitor the QDIAs: Based on the Plan's IPS or other guidelines established by the Plan, we will review the investment options available to the Plan and will make recommendations to assist the Sponsor to select the Plan's QDIA(s) for Plan participants that fail to direct the QDIA(s) of their accounts. Once the Sponsor selects the QDIA(s), we will provide reports, information and recommendations, on a periodic basis and/or upon reasonable request, to assist the Sponsor in monitoring the QDIA(s). If the IPS criteria require a QDIA to be removed, we will provide information and analysis to assist the Sponsor to evaluate the replacement QDIA(s).

Consulting Services:

Consulting Services are designed to allow our FAs to assist the Sponsor in meeting his/her fiduciary duties. Consulting Services may only be performed so that they would not be considered fiduciary services under ERISA. The Sponsor may elect for our FAs to assist with any of the following services:

- 1) Assistance with Plan governance, including:

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- (a) Determining Plan objectives and options available through the Plan;
 - (b) Reviewing retirement Plan committee structure and requirements;
 - (c) Reviewing participant education and communication strategy, including ERISA 404(c) requirements;
 - (d) Coordinating and reconciling participant disclosures under ERISA 404(a);
 - (e) Developing requirements for responding to participant requests for additional information;
 - (f) Developing and maintaining a fiduciary audit file; and
 - (g) Attending periodic meetings with Plan committee (upon request by Sponsor).
- 2) Assistance with Sponsor's vendor management (service provider selection/review), including:
 - (a) Reviewing fees and services and identifying procedures to track the receipt and evaluation of ERISA 408(b)(2) disclosures;
 - (b) Providing periodic benchmarking of fees and services to assist review for reasonableness;
 - (c) Reviewing ERISA spending accounts or Plan Expense Recapture Accounts (PERAs);
 - (d) Generating and evaluating service provider requests for proposals (RFPs) and or requests for information (RFIs);
 - (e) Support with contract negotiations; and
 - (f) Service provider transition and/or Plan conversion.
 - 3) Financial consulting for Sponsor concerning:
 - (a) Assessment of overall investment structure of Plan (i.e., types and number of asset classes, model portfolios, etc.); and
 - (b) Review of the Plan's investment options.
 - 4) We will meet with Plan participants, upon reasonable request, to collect information necessary to identify the Plan participant's investment objectives, risk tolerance, time horizon, etc.. We will provide written recommendations to assist the Plan participant with creating a portfolio using the Plan's DIAs or Models, if available. The Plan participant retains sole discretion over the investment of their account.

Potential Additional Services Provided Outside of the Agreement

In providing Retirement Plan Services, we may establish a client relationship with one or more Plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation:

- 1) as a result of a decision by the participant or beneficiary to purchase services from us not involving the use of Plan assets;
- 2) as part of an individual or family financial Plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the Plan; or
- 3) through an Individual Retirement Account rollover ("IRA Rollover").

If we are providing Retirement Plan Services to the Plan, FAs may, when requested by a Plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on Plan assets (but may consider the participant's or beneficiary's interest in the Plan in providing that service). If a former Plan participant or beneficiary desires to affect an IRA Rollover, FA will explain the options to the former Plan participant. Any decision to affect the rollover or about what to do with the rollover assets remain that of the participant or beneficiary alone.

In providing these optional services, we may offer Employers and Employees information on other financial and retirement products or services offered by Trutina and our employees.

Other Services

Some employees may provide non-advisory services through Pension Exit, which is a consulting division that assists owners of pensions on strategies to dissolve pension programs. The services provided through Pension Exit are separate and distinct from the investment advisory services provided as described in this brochure. A conflict of interest could occur based on the possibility that the liquidated pension could be transitioned to a retirement plan that we could manage as an investment advisor. The pension holder is under no obligation to use Trutina Financial for advisory services. The pension holder is encouraged to determine if the pension liquidation is prudent and if liquidated the pension owner is free to select the investment advisor or financial services professional of their choosing.

Assets under Management

As of February 28, 2021 we managed a total of \$858,794,373, of which \$789,047,167 was on a discretionary basis and \$69,747,206 on a non-discretionary basis.

Item 5—Fees and Compensation

Portfolio Management Services:

In most situations our Portfolio Management Services fees ("Fee") will be based on the amount of assets you have entrusted us to manage. You will be provided an Agreement that will outline the investment management services to be provided as well as a description of the fees charged. Your advisory fees will be automatically deducted from your accounts on a quarterly basis, unless you request that we send you an invoice each quarter. The fee is typically charged in advance as described on our Agreement, which means your quarterly fee will be collected at the beginning of the quarter.

Fees to be charged are shown on the Agreement and can range from 0.50% to 1.50%, based on the total value of your account(s) at the end of the quarter, including all positions, cash, paid and declared dividends, accrued income and interest payments. Our fee for services depends on a number of variables, including current or expected assets under management, scope and breadth of services (such as customized reporting or services), the use of third party managers (if any), investment restrictions, or other compliance requirements or issues. Fees may be discounted or waived for family and friends. The investments selected for you by Trutina are not exclusive and may be obtained through other firms at a lower cost.

In most cases, Trutina will recommend "Schwab" as the firm that holds your assets ("Custodian"). You are responsible for all transaction charges, fees and other expenses charged by Custodian. Additionally, all Fees charged by us for Portfolio Management Services are separate and distinct from the fees and expenses charged investments like mutual funds and exchange traded funds (ETFs), etc. In these cases, the fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, marketing and a possible distribution fee. You should review both the fees charged by the funds/ETFs, Custodian and the fees charged by Trutina to fully understand the total amount of fees to be paid. Schwab does receive other revenues in connection with the assets invested in Tru-Nest, as described in the Program Brochure. Brokerage arrangements are further described below in *Item 12 - Brokerage Practices*.

When beneficial to you, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom we and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the account Custodian.)

In the event you or Trutina terminates the investment advisory agreement during a quarter, the Fee is prorated for the portion of the quarter where services were provided. The termination date used is the date you or Trutina notifies the other party in writing (to address of record) of the termination. Any advance charged Fee will be rebated for the remainder of the unused portion of that quarter's Fee.

Retirement Plan Advisory Services:

Our Retirement Plan Advisory Services ("Services") fees ("Service Fees") are typically based on the assets of the Plan or fixed annually and are clearly disclosed in Retirement Agreement you sign with Trutina. For asset based fees we charge between 0.10% to 1.50% annually on the assets in the Plan. We can also charge a fixed annual rate ranging from \$1,000 to \$25,000 annually and in some cases, as noted on the Retirement Plan Services Agreement, the Services Fees are a combination of fixed and asset based. Service Fees may be lowered or waived for clients (depending on the bargaining power or investment sophistication level), or family and friends of the FA. Trutina may charge up to \$25,000 to the plan or plan participants for Consulting Services. It is important to note that you may be able to obtain comparable services from other providers for lower fees.

In cases where the Retirement Agreement is either established or terminated during a calendar quarter, the Service Fees negotiated is pro-rated for the time period that the Services are provided. Service Fees are charged in advance or arrears of the Services provided; in the case of fees in advance you will be rebated the unused portion of the Service Fees by us or the plan administrator upon termination by either party.

Upon presentation of an invoice, Service Fees may be paid by check, on a quarterly basis by the Sponsor; or Service Fees may be deducted from each participant's account. Service Fees are payable to us per the Retirement Agreement.

Sponsors receiving Services may pay more or less than sponsors might otherwise pay if purchasing the Services separately or through another service provider. There are several factors that determine wheth-

er the costs would be more or less, including, but not limited to, the size of the Plan, the specific investments made by the Plan, the number of locations of participants, the Services offered by another service provider, and the actual costs of Services purchased elsewhere. In light of the specific Services we offer, the Service Fees charged may be more or less than those of other similar service providers.

All Service Fees we receive for Services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, marketing and possible distribution fees. If the investment also imposes sales charges, Sponsor may pay an initial fee or deferred sales charge. Accordingly, the Sponsor should review both the fees charged by the funds, the fund manager, the Plan's other service providers and the Service Fees we charge to fully understand the total amount of fees to be paid by the Sponsor and to evaluate the Retirement Plan Services being provided. It is also possible that you or your Plan participants will be subject to short-term redemption fees if the funds are not held for a time period determined by the fund company.

No increase in the Service Fees will be effective without prior written Notice.

Fees and Compensation Continued

There are some FAs who are also Registered Representatives ("RR") of Private Client Services ("PCS"), a FINRA member broker/dealer. PCS is not an affiliated firm with Trutina Financial. The FA, acting in their capacity of RR may recommend or take an order from a client to sell or purchase securities or insurance products. This may produce additional compensation or commissions for the FA/RR. Commissions could include, but are not limited to, 12(b)-1's, brokerage commissions, mark-ups/mark-downs, sub-agent transfer fees, transaction fees, etc. This can create a conflict of interest in that there may be a financial incentive to recommend one product over another based on the amount of commissions paid. This compensation may be in addition to the fees you pay Trutina, and such additional compensation is not "credited" against the Fees or Service Fees paid by you. The investments, products, accounts, and services offered by PCS are separate and distinctly different from the investment advisory services offered by Trutina Financial, even though the values of these investments may be shown on your advisory custodian statement.

Additionally, some FAs are licensed insurance agents ("Agents") with separate and unaffiliated insurance companies. The Agents are able to purchase or sell insurance products or services (including fixed annuities) for separate and additional compensation. This compensation is not credited against the advisory fees you pay us.

It is important to know that there is no obligation for you to purchase any investment products or services through the RR/FA or Agent and that you may use the professional service provider of your choice. If you determine that you would like to have your brokerage investment(s) moved to an advisory account it is possible that we will receive an advisory fee on investments that previously paid a commission.

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

Not applicable to Trutina. We do not charge performance based or incentive fees.

Item 7—Types of Clients

We provide services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations (non-profits), corporations, associations, or other business entities (such as limited liability companies, networks or limited partnerships) and employer-sponsored retirement plans. We may impose a flat annual fee as noted in Item 5 but we do not have a minimum account size. For the Tru-Nest clients the minimum investment requirement for Tru-Nest clients is \$5,000 per account. The Program Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing and tax loss harvesting.

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

Methods of Analysis

We employ numerous philosophies and tools in our investment analysis and due diligence process. We may utilize any or all of the following:

Fundamental Analysis is security analysis grounded in basic factors such as company earnings, balance sheet variables and management quality. These factors are used to predict the future value of an investment. Information such as interest rates, GNP, inflation and unemployment may be used to forecast the direction of the economy and therefore the stock market. Close attention is paid to fundamentals in order to determine the fair value of various sectors.

Technical Analysis is employed in various formats in order to gauge market sentiment. It is the prac-

tice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis focuses on matters such as trade volume, volatility, supply and demand to help determine the market forces at work on a certain security or on the securities market as a whole.

We utilize **Quantitative Analysis** to easily combine and quantify various characteristics of a large number of investments in order to determine which of the group require further analysis. **Qualitative Analysis** is also used to weigh the unique characteristics of an individual investment and the risk and return expectations of various capital markets. Third party money managers will have their own methods of analysis, investment strategies and unique investment risks that you should review and consider before investing.

We utilize numerous sources of information to provide advice, including but not limited to: Financial newspapers and magazines, websites, research materials and software prepared by third parties, annual reports, prospectus and filings with the SEC, company press reports, as well as our proprietary analysis of data and information.

Investment Strategies

We may utilize *long term purchases* (securities held at least a year) and *short term purchases* (securities sold within a year) when implementing investment advice. Short term purchases may increase costs and may also increase the tax obligation of the portfolio. Investments may also be made on *margin*, which may increase the costs due to the interest payments on the margin loan balance. *Option strategies* may also be implemented, which carries the risk of expiration with no value, as well as called equity positions, which could create a risk of taxation. Client utilizing automated investment programs like Tru-Nest could be subject to increased volatility and risk of loss based on the program trading processes. Clients on Tru-Nest can refer to the Program Brochure for additional information of various risks associated with Tru-Nest.

The types of securities include, but are not limited to the following: equities, fixed income (corporate debt, municipal bonds, certificates of deposit, etc.), mutual funds, unit investment trusts, options, exchange traded funds, U.S. Government issues securities, real estate investment trusts, limited partnerships, direct participation programs, variable annuities, variable life insurance and fixed annuities.

Retirement Plans may make available to Plan participants a number of different types of securities, including mutual funds, collective investment funds, GICs, ETFs, annuity subaccounts or other securities. Each different type of security carries with it risks that are inherent in that specific type of security. Mutual funds, collective investment funds, ETFs and subaccounts may also invest in varying types of securities which carry these risks.

We may use or provide to Sponsor data or information provided by third parties when providing investment management services. While we reasonably believe that the information or data is reliable, we do not promise that it is accurate, current or consistently available.

Sponsor is responsible for all the tax liabilities arising from any transactions, including any liabilities arising from the failure to maintain the qualified status of a Plan receiving the services.

Risk of Loss

It is important to know that investing in securities involves numerous risks which you need to be willing to accept. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Trutina) will be profitable or equal any specific performance level.

Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis we must have access to current/new market information. We have no control over the dissemination rate of market information; therefore, unbeknownst to the us, certain analyses may be compiled with outdated market information, limiting the value of our analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values with no assurances that the forecast will materialize into actionable and/or profitable investment opportunities.

Our primary investment strategies - *long term purchases* and *short term purchases*, are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs or tax implications when compared to a longer term investment strategy. Additionally, higher allo-

cations to cash positions may incur an opportunity cost of earning lower returns on cash while other investments experience higher returns.

All investments have a risk that they will decrease in value and you should not invest without the ability to handle capital loss.

Item 9—Disciplinary Information

We do not have any disciplinary events or history to disclose.

Item 10—Other Financial Industry Activities and Affiliations

The following FAs are also RRs of PCS: Matt Myers, Sabrina McGurr, Melissa Karpen and Kyle Hauge. It is possible that other FAs will join us in the future who are also licensed as RR, but not named here. As mentioned earlier, these FA/RRs may receive commissions for products sold through the BD or unaffiliated insurance companies.

Matt Myers, Paul Aker and Melissa Karpen are also licensed to sell insurance. It is possible that these individuals, among others, may have non-advisory income producing activities like the sales of insurance products such as life, medical, group medical, fixed and variable annuities. Should an investment advisory client wish to purchase insurance from the Representatives with assets that are not advisory assets, the client will pay the premium or commission on those assets that are separate and distinct from any advisory fees paid on advisory assets. This could create a conflict for the Representative to sell a product to make a commission but in all cases your interests must be placed before ours or the FA. In addition, client must be aware that annuities have surrender fees, as well as upfront commissions paid. FAs may also receive trailers from the sale of insurance products. Currently, the listed individuals spend less than 5% of their time on non-advisory activities.

As noted above, Some employees may provide non-advisory services through Pension Exit, which is a consulting division that assists owners of pensions on strategies to dissolve pension programs. Please refer to Item 4 for more information.

Item 11—Code of Ethics

We have implemented policies and procedures to govern our employees and to mitigate the conflicts of interest we encounter when providing our advisory services to you. These include:

- A Code Of Ethics that each employee is required to review and sign an acknowledgement of receipt and understanding (upon hire, and annually);
- Prohibitions on the misuse of material non-public information;
- Personal securities trading policies and procedures (governing not only our employee but also the members of their household and any other securities or brokerage accounts where they have beneficial ownership of with a spouse, family member or other person).

We strive to the highest ethical and fiduciary standards (in dealing with Clients, the public, vendors, prospective clients and each other. As a fiduciary, we have an affirmative duty to act with integrity, competence and care; this includes disclosing all potential and actual conflicts of interest.

It is important to note that Plan Sponsors are under no obligation to grant us investment discretion. Sponsors should understand that the services you may select as part of the Retirement Plan Services are available to be purchased through other broker-dealers, investment advisors or other investment firms.

We perform services for various other clients and we may give advice or take actions for those other clients that differ from the advice given to you. The timing or nature of any action taken for you or other sponsors may also vary.

For more information or to request a copy of our Code of Ethics, please contact us at 425.401.1211 or 800.401.4534.

Item 12—Brokerage Practices

Recommendation of a Broker for Portfolio Management Services:

We will likely recommend Schwab as the Custodian for your assets, although you are ultimately responsible for selecting the Custodian. Additional factors used to determine which Custodian to recommend include trading costs, electronic access to trading and client accounts, discounts on software, historical relationship with Trutina, execution capabilities, reputation, financial strength, products and services, compliance, research and technology and other operational support that may benefit Trutina and the FA, but not you. This could create a conflict that the recommendation of Schwab is based on the referrals, research and products or services and not based on the Custodian providing the best execution for transactions in your accounts.

All transactions enacted by the Advisor are made through the Custodian you select. The only exception to this would be the "tradeaway" program available at Schwab, which is described in Item 5 above. For utilizing the "tradeaway" service we may receive non-monetary benefits such as research, bond selection or fixed income advice, however any transactions effected through this program are done in an effort to benefit our clients.

Trutina will accept clients who have their assets held at brokers or custodians (third party, qualified custodians) if we can receive the information or support services necessary to service your account (electronic trading, electronic access / downloads of your account information and data, among others). If the services are not appropriate in support of the services we provide, we may request you evaluate and select Schwab (or another broker).

It is important to note that Schwab provides discounted commissions if you electronically (through email) receive statements, trade confirms, tax reports, etc. For example, those who sign up for electronic delivery may be subject to a minimum of \$4.95 per equity trade, while those receiving paper delivery may be subject to a minimum ticket charge of \$12.95 per equity trade. These numbers are subject to change by the custodian at any time, so if you would like to know current ticket charges please contact us at 425.401.1211 or 800.401.4534.

Clients investing through Tru-Nest will utilize the brokerage services of Schwab. While clients are required to use Schwab as their custodian or broker to enroll in Tru-Nest, the client decides whether to do so and opens its accounts directly with Schwab by entering into an account agreement directly with them. We do not open the account for the Tru-Nest client. As described in the Program Brochure, SPT may aggregate purchase and sale orders for ETFs across accounts enrolled in Tru-Nest, including accounts for clients of other independent investment advisory firms using SPTs program.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, Schwab provides us and our clients, both those enrolled in Tru-Nest and those not enrolled, with access to its institutional brokerage services—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 described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of Schwab's products and services is not based on us giving them particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of Schwab's support services:

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 to or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit the client and the client's account.

Recommendation of a Plan Platform for Retirement Plan Advisory Services:

In most cases we are not engaged in trading or brokerage activity for 401(k), 403(b) or Profit Sharing Plan assets. Based on our understanding of the industry and in an effort to assist employers or associations we may provide recommendations on Plan Platforms for the Employer. While there are no formal agreements or arrangements where we are paid for these recommendations there is a potential that we may receive referrals from these same Plan Platforms. This could create a conflict of interests that we are recommending these Plan Platforms for potential referrals. Our Code of Ethics requires that we always place your interests in front of our own.

Block Trading & Directed Brokerage:

In some cases, we may aggregate or block trade multiple client accounts. Doing so allows some efficiency in the transactions, although it does not ensure the client will receive a reduction in trading costs or a better execution price than if the trade was enacted separately. It is important for you to know that we may randomly enact trades at different times in accounts which may result in your receiving higher or lower prices than other accounts with similar investment objectives. Neither Trutina nor FAs receive any soft-dollar benefits.

It is unlikely that we would have a client request that we direct brokerage to specific broker-dealer. However, if such an arrangement was allowed we would not be able to ensure best execution or fair commissions for your transactions. It may be possible for the FAs to buy or sell securities in their personal accounts that were also purchased in your account. We have a strict policy against using the trade flow of clients to economically benefit us or the FA.

Item 13—Review of Accounts

Portfolio Management Services:

Trutina and/or the FA review client accounts on a regular basis. However, clients may request more frequent reviews. There are many factors that might bring about a review of accounts, including regular review dates, economic changes, political disruptions or other market activity. Clients in Tru-Nest are provided with automatic/electronic rebalancing and reviews across all portfolios invested with similar objectives. It is important to know that clients within Tru-Nest are not provided with personalized and specific reviews and advice.

We encourage you to carefully review the reports we provide to the statements provided by your Custodian and that you rely on the statement for the actual value of your account. Trutina may also provide you with reports which may have a different value than statements provided by the Custodian. This difference could be due to trade date versus settlement date reconciliations, accrued interest, or the exclusion/inclusion of a private security that we may have recommended to you (or, that you have invested in). We also request that if you do not receive, directly from your Custodian, your monthly account statement, to contact your Custodian immediately. If you need assistance, please contact your FA.

Client supervision reviews are also conducted on a regular basis and may be completed by the Chief Compliance Officer, assignees or administrative associates. The review includes the performance of the accounts and positions. It is critical that you report any changes in your financial situations to us or your FA because we use the same to ensure you are invested properly.

Retirement Plan Services:

It is important that you discuss any changes in the Plan's demographic information, investment goals, and objectives with your FA. Plans may receive written reports directly from their FA based on the services being provided, including any reports evaluating the performance of Plan investment manager(s) or investments.

We do not typically provide reports to participants. Employers and participants receive periodic reports / statements from the third party custodians of the Plan's assets, or by the trustee or third party administrator. These are presented on a quarterly basis; Trutina may receive copies or have electronic access to these materials.

Item 14—Client Referrals and Other Compensation

Portfolio Management Services:

Trutina entered into a Solicitor Agreement with Private Client Services, LLC. ("PCS") of Louisville, KY. As a result of this Agreement, PCS and their RRs are permitted by Trutina to solicit prospective and introduced clients to Trutina for Trutina's Portfolio Management services. For the services provided by the Solicitor to Trutina, the Solicitor will receive a percentage of the total advisor fee (Solicitation Fee) from each introduced client. The arrangement is according to a documented schedule in the Separate Solicitor Disclosure Brochure. This fee remains in place for as long as the introduced client remains a client of Trutina. Compensation arrangements between PCS and the RR are set separately. Trutina can receive up to 0.50% on the assets managed annually. The remainder of the advisory fees charged for these accounts are paid to PCS and the RR who referred the client to Trutina. It is possible that clients could obtain similar or the same services at a lower cost. At the time of solicitation, the RR will provide each prospective and introduced client with PCS' ADV Part 2A; Trutina's ADV Part 2A/2B and a separate Solicitor Disclosure Brochure.

Retirement Plan Services:

We may compensate other persons or organizations for client referrals. In each of those cases, we enter into an agreement with the referral agent and pay the agent a portion of the Fees. Many states require that any referral agent also be registered as an Investment Advisor Representative. At the time that the agent refers Sponsor to us, the referral agent discloses to Sponsor both the arrangement with us and the compensation to be received by the referral agent.

In addition, we may, from time to time, contract with others who are not our supervised persons to assist us in delivering our services to the Plan. This assistance will be provided by a separate and unaffiliated third party entity, ("Sub-Advisor") that may assist us with providing you the following advisory Consulting Services, including but not limited to: (a) plan governance and educating the Plan's retirement plan committee, (b) vendor management process (for example, selecting and reviewing service provid-

ers), and (c) plan enrollment and investment education meetings. Any fees charged by the Sub-Advisor for the services noted above will be covered by Trutina.

We may receive additional compensation from Schwab and various vendors, product providers, distributors and others. These providers may provide non-monetary compensation by paying some expenses related to training and education, including travel expenses, and attaining professional designations. We might receive payments to subsidize our own training programs. Certain vendors may invite us to participate in conferences, on-line training or receive publications that may further our skills and knowledge. Some may occasionally provide us with gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.

As noted above, services may be provided to pension owners under Pension Exit. The fees earned through Pension Exit are not advisory fees and conflicts of interest have been discussed in Item 4 above.

Item 15—Custody

We do not have physical possession of your funds or securities. All account assets are held at Schwab or the trustee holding the retirement funds. The exception to this is our ability to directly debit our advisory fees from your account. It is important for you to rely on the statement you receive from Schwab to obtain the value of your account. Additionally, we are reporting custody on certain accounts where the clients have requested the ability to transfer assets to third-parties. Although, we do not have any relationship, affiliation or share an address with any of the third-parties, we are following SEC guidelines to report having custody of these assets.

We will not serve as a Custodian for Plan assets in connection with the Retirement Plan Services. Sponsor is responsible for selecting the Custodian for Plan assets. We may be listed as the contact for the Plan account held at an investment sponsor or Custodian. Sponsor for the Plan will complete account paperwork with the outside Custodian that will provide the name and address of the Custodian. The Custodian for Plan assets is responsible for providing the Plan with periodic confirmations and statements. We recommend that Sponsors review the statements and reports received directly from the Custodian or investment sponsor.

Item 16—Investment Discretion

Portfolio Management Services:

You grant us investment discretionary authority in the Agreement you sign with Trutina. You must submit any investment restrictions (i.e. no tobacco or alcohol purchases, limits on sectors, etc.) that you want for your account(s) in writing and the same must be approved by Trutina. If we are unable to accommodate your restrictions we will notify you that we are unable to provide you Portfolio Management Services.

Retirement Plan Services:

When providing any Discretionary Investment Management Services described herein, we exercise discretionary authority or control over the investments specified in the Retirement Agreement. We perform these services to the Plan as a fiduciary under ERISA Section 3(21) and investment manager under ERISA Section 3(38). We are legally required to act with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. This discretionary authority is specifically granted to us by Sponsor, as specified in the Retirement Agreement.

Item 17—Proxy Voting

Trutina does not vote proxies for Tru-Nest clients. However, clients of Tru-Nest designate SPT to vote proxies for the ETFs held in their accounts. Additional information regarding the SPT proxy voting for Tru-Nest clients are disclosed in the Program Brochure provided by SPT. Tru-Nest clients who do not want to designate proxy voting to SPT may retain proxy voting authority themselves by signing a special Schwab form available from us. Clients, Trustees of the Retirement Plan and Plan Sponsors maintain exclusive responsibility for voting all proxies generated from the securities held by the client.

Item 18—Financial Information

We do not have any financial issue or situation that would impair our ability to deliver services to our Clients. Neither Trutina or any Principal Shareholder has filed bankruptcy.