

**SEC Form ADV Part 2A**

**“Brochure”**

**Item 1 – Cover Page**

**Nardis Advisors LLC**

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**March 25, 2021**

This brochure provides information about the qualifications and business practices of Nardis Advisors LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (914) 997-0403 or by email at [nchait@nardisadvisors.com](mailto:nchait@nardisadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Nardis Advisors LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

We update this document annually, or more frequently in the event of certain material changes. This section discusses only material changes to Nardis’s Form ADV Part 2A Brochure since the date of our last update on March 30, 2020. As well, minor changes have been made to this Brochure such that we encourage you to read the Brochure in its entirety.

The Firm made material changes to the following sections:

- We have expanded the disclosure in Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss

Additional information about Nardis Advisors LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Nardis Advisors LLC who required to be notice filed as investment adviser representatives of Nardis Advisors LLC.

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## **Item 4 – Advisory Business**

### **Ownership Information**

Nardis Advisors LLC (hereinafter referred to as “Nardis,” the “Registrant” or the “Firm”) was founded in August of 2009 as an independent investment adviser registered with the Securities and Exchange Commission (hereinafter referred to as the “SEC”). The Firm is 100% owned by Norman H. Chait, CFA, its Managing Principal.

### **Advisory Services Offered**

Nardis’ investment advisory services are limited to the discretionary or non-discretionary management of investment portfolios in accordance with the investment objectives of the client. We do not provide financial planning services.

#### **C. Types of Advisory Services**

##### **Tailored Investment Advisory Services**

Nardis will tailor its investment advisory services to the individual needs of clients. Nardis nonetheless generally advises similarly-situated clients in a similar manner. Nardis will accept reasonable investment restrictions to be imposed on the management of client accounts.

We primarily allocate our clients’ investment management assets on a discretionary and/or a non-discretionary basis among Independent Managers and among exchange traded funds and individual debt and/or equity securities in accordance with the investment objectives of each client.

Nardis focuses upon the creation of personalized and customized investment portfolio solutions for each client. Each client portfolio is based on:

- a review of the personal needs, goals and specific circumstances of each client
- an assessment of each client’s risk tolerance

Nardis’ client engagement contract includes a schedule which lists each client’s:

- level of wealth and annual income;
- years of investment experience in various asset classes;
- investment time horizon;
- level of annual income needs; investment goals (in terms of the balance between capital preservation and capital appreciation); and
- level of portfolio and market volatility the client is willing to withstand.

Nardis may also render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans. In so doing, the Firm either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client's assets shall be maintained at either the specific insurance company that issued the variable life/annuity product, or at the custodian designated by the sponsor of the client's retirement plan. Nardis does not sell insurance or annuities and does not receive a commission when the client purchases these products.

Nardis may recommend that clients invest in private placement securities, which requires that the client be an "accredited investors," as defined under Rule 501 of the Securities Act of 1933. These private placement securities may include debt, equity and/or pooled investment vehicles, when consistent with the client's investment objectives. When we recommend that the client invest in private placement securities, Nardis shall receive no additional compensation, but shall continue to receive applicable investment advisory fees on the client's assets under management.

The Firm may also provide advice about exchange traded funds (hereinafter "ETFs") and any type of investment held in a client's portfolio at the beginning of the advisory relationship.

Nardis may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers, based upon the stated investment objectives of the client. We will continue to render services to the client relative to the discretionary and/or non-discretionary selection or recommendation of Independent Managers as well as the monitoring and review of account performance and client investment objectives.

When recommending or selecting an Independent Manager for a client, we shall review information about the Independent Manager, such as its disclosure statement and/or material supplied by the Independent Manager or independent third parties, for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available.

### Consulting Services

Nardis may provide consulting services (which may or may not include non-investment related matters). The Firm's Advisory Affiliates may also provide expert testimony in trials and arbitrations as part of our consulting services.

Nardis may charge a separate fee for these services which shall be agreed upon prior to rendering the services. We anticipate that approximately five (5%) of our time will be devoted to such services.

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

Those clients to whom Nardis provides consulting services will receive reports from the Firm summarizing its analysis and conclusions, as requested by the client, or otherwise agreed to in writing. Prior to engaging Nardis to provide consulting services, the client will be required to enter into a written agreement with us, setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to the commencing of services. For hourly fees, we generally require a portion of the consulting fee (estimated hourly), payable upon the commencement of the written agreement. The balance is commonly due upon completion of the agreed upon services. For retainer clients, Nardis charges its fee monthly in arrears.

Either party may terminate the agreement by written notice to the other. In the event the client terminates Nardis' consulting services, the balance of the Firm's unearned fees, if any, shall be refunded to the client. If termination occurs within five business days of entering into the agreement for such services, the client shall be entitled to a full refund.

#### **D. Wrap Programs**

Nardis does not have a wrap fee program.

## **E. Amount of Assets Under Management**

As of December 31, 2020, Nardis advised \$111,685,846 in discretionary assets and \$8,685,927 in non-discretionary assets, for a total \$ 120,371,773 of assets under management.

## **Item 5 – Fees and Compensation**

Nardis receives compensation from a combination of a percentage of the assets under management, hourly charges, fixed fees and selection fees for outside managers.

### **A. Compensation for Advisory Services**

If engaged, Nardis shall charge an annual fee based upon a percentage of the market value of the assets being managed.

Our annual fee shall be charged quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. The annual fee shall vary depending upon the market value of the assets under management and the type of investment management services to be rendered, as follows:

| Up to \$2,000,000           | 1.00%      |
|-----------------------------|------------|
| \$2,000,000 to \$5,000,000  | 0.90%      |
| \$5,000,000 to \$10,000,000 | 0.75%      |
| Above \$10,000,000          | Negotiable |

Nardis generally imposes a minimum portfolio value and/or a minimum annual fee for its investment management services. This is currently \$800,000 in assets, and \$8,000 per year in advisory fees. Nardis, in its sole discretion, may negotiate to waive its stated account minimum fee or 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 status, account retention, pro-bono activities, etc.).

Nardis also advises 401(k) profit share plans and 529 college savings plans. For these accounts a flat fee is charged as follows:

| Multi-employee 401(k) or profit share plan | 0.50% |
|--|-------|
| 529 Plans                                  | 0.40% |

The Firm’s annual fee is exclusive of and in addition to, brokerage commissions, transaction fees and other related costs and expenses which may be incurred by the client. Nardis does not receive any portion of these commissions, fees and costs.

**B. How Fees are Charged and/or Deducted**

One-fourth of Nardis’ annual fee shall be charged quarterly, in arrears, based upon the market value of the assets on the last day of the previous quarter. The Firm’s Agreement or separate agreement with the Financial Institutions may authorize Nardis to debit the client’s account for the amount of our fee and to directly remit that management fee to Nardis in accordance with applicable custody rules. The Financial Institutions recommended by Nardis, have agreed to send a statement to the client, at least quarterly, disclosing all amounts disbursed from the client’s account, including the amount of management fees paid directly to Nardis. To the extent that a client authorizes the use of margin, and margin is thereafter employed by Nardis in the management of the client’s investment portfolio, the market value of the client’s account and corresponding fee payable to the Firm will not be increased.

If assets in excess of \$100,000 are deposited into or withdrawn from an account, after the inception of a quarter, the fee payable with respect to such assets will be pro-rated based upon the number of days remaining in the quarter. Nardis may, but is not obligated to, pro-rate fees in the same manner with respect intra-quarter deposits or withdrawals of assets in amounts not exceeding \$100,000. However, Nardis designs its portfolios as long-term investments and withdrawing assets may impair the achievement of a client’s investment objectives.

For the initial quarter of investment management services, the first quarter’s fees shall be



calculated on a *pro rata* basis. The Agreement between Nardis and the client, will remain in effect until terminated by either party, pursuant to the terms of the Agreement. Nardis' annual fee shall be pro-rated through the date of termination and any remaining balance shall be charged to the client, as appropriate, in a timely manner.

Additions may be in cash or securities. Nardis reserves the right to liquidate any transferred securities or decline to accept certain securities into a client's account. The Firm may consult with its clients about the options and ramifications of transferring securities. Notwithstanding, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

For accounts that are terminated, Nardis will prorate its advisory fee through the calendar month end irrespective of the account balance.

Nardis may co-advise on accounts with other investment advisors. In this event, the total fees will be disclosed to the client in addition to the division of fees between Nardis and the co- advisor. In any event, the portion of the fees paid to Nardis for advisory services will not exceed our general fee schedule as listed above. Fees may be collected by the co-advisor and then paid to Nardis.

#### Consulting Fees

Nardis consulting fees are negotiable. We will generally charge a fixed fee and/or an hourly fee for our consulting services. For hourly fees the Firm generally charges between \$625 and \$950 per hour, depending upon the level and scope of the services and the rendering the consulting services. Nardis also offers a retainer arrangement. For retainer clients, the Firm generally charges a fixed fee between \$10,000 to \$20,000 monthly. If the client engages us for additional investment advisory services, we may offset all or a portion of the fees for those services, based upon the amount paid for the consulting services.

### **C. Other Fees**

#### Optional Reporting Services and Related Fees

#### Fees and Charges Assessed by Financial Institutions

Clients may incur additional charges imposed by the Financial Institutions and other third parties, such as fees charged by Independent Managers, custodial fees, charges imposed

directly by a mutual fund or exchange traded fund in the account. These charges shall be 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. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Nardis' fee.

#### **Item 6 – Performance-Based Fees**

Nardis does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) to its clients. However, Nardis may invest on behalf of certain qualified clients in hedge funds, private equity funds and other outsourced investment vehicles, which may charge a performance fee. Nardis does not share in the aforementioned fees.

#### **Item 7 – Types of Clients**

Nardis currently advises individuals, high net worth individuals, pension and profit sharing plans (but not the plan participants unless they have signed a separate individual advisory agreement) and charitable organizations. Nardis provides the following types of advisory activities to its clients: portfolio management, pension consulting services, selection of other advisers (including private fund managers) and consulting.

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

##### Methods of Analysis & Investment Strategies

Our primary method of analysis is fundamental in nature. In sourcing investment ideas, we may rely upon the following:

- financial newspapers and magazines;
- research materials prepared by others (including informational materials from mutual fund companies, ETF providers, and the managers of private partnerships);
- Annual reports, prospectuses and filings with the Securities and Exchange Commission;
- Company press releases; and
- Company visits and manager interviews.

The investment strategies used to implement any investment advice given to the clients include:

- Long-term purchases (securities held at least a year);
- Short-term purchases (securities sold within a year); and
- Margin transactions.

Nardis offers advice on equity securities (exchange-listed securities, securities traded over-the-counter and foreign issues), corporate debt securities, certificates of deposit, municipal securities, mutual fund shares, United States government securities, limited partnerships, and other similar investments.

Nardis generally invests its clients into one of six potential asset classes (each of which contains numerous sub-asset classes):

Diversified Fixed Income;  
High Yield;  
Alternative Investments;  
Emerging Markets Equities;  
International Equities; and  
U.S. Equities.

The first two classes, Diversified Fixed Income and High Yield, are more conservative investment classes (i.e., Fixed Income-Level Risk). The last four classes, Alternative Investments, Emerging Markets Equities, International Equities and U.S. Equities, involve more risk (i.e., Equity-Level Risk).

For each client, Nardis constructs a customized Investment Policy Statement, where a target asset allocation level is set for each client (percentage of assets in each of the six asset classes listed above). The asset allocation may be amended in periodic reviews if and when necessary.

Nardis intends to primarily allocate its client's investment management assets, on a discretionary and non-discretionary basis among Independent Managers, and on a more limited basis, among exchange-traded-funds and individual debt and equity securities, in accordance with the investment objectives of the client. Factors that Nardis will consider in recommending Independent Managers, include the client's stated investment objective(s) and the Independent Manager's management style, performance, reputation, financial strength, reporting, pricing and research.

## Risk Analysis

For each prospective investment, Nardis determines a general risk level, and classifies funds as either as having fixed income-level risk or equity-level risk, regardless of asset class. Fixed income-level risk applies to more conservative investment strategies, which are expected to exhibit low to moderate volatility. Equity-level risk investments will exhibit greater short-term or medium-term volatility, in exchange for the potential for, but not the guarantee of, greater price appreciation over time. Each specific portfolio is customized and calibrated according to each client's risk and loss tolerance. For example, a "60:40" portfolio would contain 60% equity-level risk and 40% fixed income-level risk. Once the client's risk tolerance level has been determined, Nardis in our capacity as portfolio manager, seeks to mitigate the portfolio risk further, by diversifying into a number of different asset classes and strategies.

There is no guarantee that performance targets will be met, or that portfolio losses will be avoided. Securities investments are not guaranteed and clients may lose money on investments. Nardis asks that clients work with the Firm to help us understand their tolerance for risk. Asset allocation and diversification are the primary tools for controlling risk. We seek to ensure that our clients' mix of assets is appropriate for their temperament, desire for growth, tolerance of risk, need for liquidity, etc.

### General Risks

The description contained herein is an overview of the risks entailed in Nardis' investment strategy and is not intended to be a complete description of every applicable risk. All investment activities involve a high degree of risk and the investment strategy offered by Nardis could lose money over short or long periods. Performance could be hurt by a number of different market risks including but not limited to, the following:

***Investing in securities is inherently risky.*** An investment in individual securities or in a portfolio of securities could lose money. The investments selected by Nardis should be deemed speculative investments and are not intended as a complete investment program. These types of investments are designed for sophisticated investors who fully understand and are capable of bearing the risk of loss of their entire investment. The Firm cannot give any guarantee that it will achieve its investment objectives or that any client will receive a return of its investment.

***Investing in securities entails risks associated with the underlying business.*** Investments in securities entails all the risks associated with the underlying businesses, including reliance on a company's managers and their ability to execute business strategies. In addition, all businesses face risks such as adverse changes in regulatory requirements, interest rate and currency fluctuations, general economic downturns, changes in political situations, market com-

petitions and other factors. Nardis will not have day-to-day control over any company in which it invests for clients.

**Equities.** Equities in which Nardis might invest may involve substantial risks and could be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

**Investing in Foreign Securities Entails Unique Risks.** Nardis may invest for clients in non-U.S. securities and other assets, which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. These risks include political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels and limitations on the use or transfer of assets. In addition, enforcing legal rights in some foreign countries is difficult, costly and slow and there are sometimes special problems enforcing claims against foreign governments.

**Margin Strategies.** Clients may choose to employ margin strategies in eligible accounts. Employing margin strategies is aggressive and entails significant risks. Clients also pay interest on their margin loans. Investing with margin strategies will magnify losses, and could result in a client losing more than their original investment.

**Independent Managers.** The use of third party managers in investment programs involves additional risks. The success of the third-party manager depends upon the capabilities of its investment management personnel and infrastructure, all of which may be adversely impacted by the departure of key employees and other events. The future results of the third-party manager may differ significantly from the third-party manager's past performance. While Nardis intends to employ reasonable diligence in evaluating and monitoring third party managers, no amount of diligence can eliminate the possibility that a third-party manager may provide misleading, incomplete or false information or representations, or engage in improper or fraudulent conduct, including unauthorized changes in investment strategy, insider trading, misappropriation of assets and unsupportable valuations of portfolio securities.

**Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.** Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 has spread (and is currently spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and

may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

#### **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Nardis or the integrity of our management.

None of our employees have had any disciplinary events.

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

Neither Nardis nor any of our management personnel are registered or have an application pending to register as a broker-dealer or as a registered representative of a broker-dealer.

Neither Nardis nor any of our management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or as an associated person of any of the foregoing businesses.

None of Nardis' management persons have a relationship or arrangement with businesses that would create a conflict of interest with our clients, except as otherwise described in this Brochure.

On July 25, 2017, Norman Chait became registered as a portfolio manager with the Israeli

Securities Authority. Contemporaneously therewith, Mr. Chait became a part-time employee of Caspa Wealth Management, a Ra'anana, Israel-based portfolio management company registered with the Israeli Securities Authority. In January 2020, Mr. Chait left Caspa, and joined Marathon Wealth Management, a Kiryat Ono, Israel-based portfolio management company registered with the Israeli Securities Authority. As a part-time employee, Mr. Chait receives a salary and other benefits. In general, this arrangement permits Mr. Chait to provide certain client service activities to Israeli-domiciled clients of Nardis in his capacity as a registered Israeli portfolio manager. Thus, for Israeli-domiciled client of Nardis, Nardis will remain the investment adviser and will receive 85% of applicable management fees, and Marathon will be a subadviser and receive 15% of applicable management fees. Separate advisory agreements will be entered with clients to effectuate this arrangement. Under these circumstances, Nardis may be deemed as recommending or selecting Marathon as an investment adviser for affected clients, which creates a conflict of interest. In addition, Mr. Chait may be compensated by Marathon for any Israeli-domiciled clients he refers to Marathon, which clients will not normally be clients of Nardis. This also creates a conflict of interest.

The Israeli arrangements noted above were entered into generally to permit Mr. Chait to comply with relevant Israeli securities law when servicing Israeli-domiciled clients of Nardis, and such clients will not be charged more as a result thereof and there will be no material change in how the clients' portfolios are managed. In addition, Mr. Chait intends that the large majority of his investment advisory activities will remain focused in the US through Nardis, and does not believe that any residual compensation he may receive by referring Israeli clients to Marathon will be meaningful.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

Nardis has adopted a Code of Ethics (hereinafter referred to as the "Code") in accordance with Rule 204A-1 of the Advisers Act. The purpose of the Code is to set forth certain key guidelines that have been adopted by us and to specify the responsibility of our personnel to act in accordance with their fiduciary duty to our clients and to comply with applicable federal and state laws and regulations. The Code requires that all employees conduct themselves in accordance with the highest ethical standards, which should be premised on the concepts of integrity, honesty and trust. The Code additionally includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code annually.



A copy of Nardis' Code of Ethics is available upon request to both clients and prospective clients.

### **Personal Trading**

Nardis and our associated persons are permitted to buy or sell securities that it also recommends to clients, consistent with the Code's policies and procedures. When Nardis is purchasing or considering for purchase any security on behalf of a client, no Covered Person (as defined below) may effect a transaction in that security prior to the completion of the purchase, or until a decision has been made not to purchase such security. Similarly, when the Firm is selling or considering the sale of any security on behalf of a client, no Covered Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Unless specifically defined in the Code's procedures (summarized above), neither Nardis nor any of our associated persons may effect for themselves, for an associated person's immediate family (i.e., spouse, minor children, and adults living in the same household as the employee), or for trusts for which the associated person serves as a trustee or in which the associated person has a beneficial interest (collectively "Covered Persons"), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Nardis' clients.

The foregoing policies and procedures are not applicable to (a) transactions effected in any account over which neither Nardis nor any of its Advisory Affiliates (as defined in the Form ADV instructions) have any direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the government of the United States; bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of Nardis' clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. Nardis will maintain records of these trades, including the reasons for any exceptions. In accordance with Section 204A of the Advisers Act, we also maintain and enforce written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of our Advisory Affiliates.



## **Item 12 – Brokerage Practices**

### **Directed Brokerage**

Nardis generally recommends that clients utilize the brokerage and clearing services of Pershing LLC through Pershing Advisor Solutions (hereinafter “Pershing”) for investment management accounts. The Firm may only implement its investment management recommendations after the client has arranged for and furnished us with all the information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Pershing, any other broker-dealer recommended by Nardis, broker-dealer directed by the client, trust companies, banks, etc. (collectively referred to herein as the “Financial Institutions”). Except as provided for in any applicable wrap fee program, the brokerage commissions and/or transaction fees charged by Pershing, Sumridge Partners or any other designated broker-dealer, are exclusive of, and in addition to Nardis’ fee. Factors which we consider when recommending Pershing, or any other broker-dealer, to clients, include their respective financial strength, reputation, execution, pricing, research and service.

Pershing enables Nardis to obtain many mutual funds without transaction charges and acquire other securities at competitive transaction charges. The commissions and transaction fees charged by Pershing may be higher or lower than those charged by other broker-dealers.

Similarly, Sumridge Partners allows Nardis access to a broad range of fixed income securities. Commissions and/or transaction fees charged by Sumridge Partners may be higher or lower than those charged by other broker-dealers.

The commissions paid by Nardis’ clients shall comply with our duty to obtain “best execution.” However, a client may pay a commission that is higher than another qualified broker-dealer might charge to execute the same transaction, where we determine, in good faith, that the commission is 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 broker-dealer’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Consistent with the foregoing, while Nardis will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions. Considering the overall package of brokerage and custody services, Nardis has determined that it may discharge its duty of best execution by directing clients to execute trades with Pershing and Sumridge. Nardis shall periodically and systematically review our policies and procedures regarding recommending bro-

ker-dealers to clients, in light of its duty to obtain best execution.

The client may direct Nardis, in writing, to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer and we will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers, with orders for other accounts managed by us. As a result, the client may pay higher commissions, 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, Nardis may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

#### **A. Aggregation**

Transactions for each client will normally be effected independently, unless Nardis decides to purchase or sell the same securities for several clients at approximately the same time. Nardis 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 our 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 generally be averaged as to price and allocated among our clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Nardis determines to aggregate client orders for the purchase or sale of securities including securities in which our Advisory Affiliates may invest, the Firm may do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the Securities and Exchange Commission.

Nardis shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that we determine that a pro-rated 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, Nardis may exclude the account 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 Nardis in its investment decision-making process. Such research generally will be used to service all of our 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 or services, as well as the allocation of the benefit of such investment research products or services, poses a conflict of interest.

Nardis may receive from Pershing, without cost to us, computer software and related systems support, which allow us to better monitor client accounts maintained at Pershing. Nardis may receive the software and related support without cost because we render investment management services to clients that maintain assets at Pershing. The software and related systems support may benefit Nardis, but not its clients directly. In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that our receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Nardis' choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Nardis may receive the following benefits from Pershing through its Pershing Advisor Solutions division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Pershing Advisor Solutions 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.

### **Item 13 – Review of Accounts**

For those clients to whom Nardis provides investment management services, we monitor those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis. For those clients to whom Nardis provides consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by the Principal of Nardis, Norman Chait, and/or by Gail Wiesenfeld.

All investment advisory clients are encouraged to discuss their needs, goals and objectives

with Nardis and to keep us informed of any changes thereto. We shall contact ongoing investment advisory clients at least annually to review their previous services and recommendations and to discuss the impact resulting from any changes in the client's financial situation or investment objectives.

General conditions in the stock and bond markets are continuously monitored. Factors triggering changes to portfolios include changed circumstances of the clients such as upcoming retirements or new hirings; changed general conditions in the stock and bond markets such as a rise in interest rates; changes in the taxation of the client's account or investments held in the account, and changes in mutual funds or individual securities owned by clients.

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

If a client is introduced to Nardis by either an unaffiliated or an affiliated solicitor, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Firm's investment management fee and shall not result in any additional charge to the client.

If the client is introduced to Nardis by an unaffiliated solicitor, the solicitor shall provide the client with a copy of our written disclosure statement, which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement, containing the terms and conditions of the solicitation arrangement including compensation.

Any affiliated solicitor of Nardis shall disclose the nature of their relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of our written disclosure statement at the time of the solicitation.

#### **Item 15 – Custody**

Nardis shall generally recommend that clients utilize the brokerage and clearing services of Pershing LLC, through Pershing Advisor Solutions for investment management accounts. The majority of our client accounts are held in custody at Pershing LLC. There are some exceptions to this rule, such as certain 401(k) plans, plus limited partnerships for taxable US-domiciled accounts, for which Pershing which does not offer custody services.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account

statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

All current client accounts held at Pershing LLC are set up as discretionary accounts. Notwithstanding, Nardis also manages a few non-discretionary accounts as well. Prior to investing client capital, we provide each client with a detailed Investment Policy Statement, which sets out the investment and risk frameworks for each customized portfolio. While Nardis maintains complete discretion in these accounts, it is our practice not to digress to a large degree from the Investment Policy without informing the client, either prior to making the portfolio changes, or, in the event that this is not possible, soon thereafter.

Nardis also advises a number of 401(k) plans, where our role is to select mutual funds, or similar investments, for each plan's menu of investment choices.

Nardis normally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions of the clients for which we advise.

All investment guidelines and restrictions are documented in writing and communicated to the client.

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

We do not have the authority to vote proxies solicited by or with respect to the issuers of securities held in client account(s). Please contact Nardis at any time with questions regarding proxy solicitations. Proxies will be sent to the client by the custodian and not by us.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. Nardis does not have any financial commitments that impair its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.