

# CLARFELD<sup>TM</sup>

Disclosure Brochure  
Form ADV Part 2A  
May 24, 2021

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**This brochure provides information about the qualifications and business practices of Clarfeld Financial Advisors, LLC, a subsidiary of Citizens Bank, N.A. (the “Registrant”). If you have any questions about the contents of this brochure, please contact Joy Soodik, Chief Compliance Officer, at (914) 846-0100 or [joy@clarfeld.com](mailto:joy@clarfeld.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 Clarfeld Financial Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Clarfeld Financial Advisors, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## Item 2      Material Changes

As of January 2, 2020, Rick Suarez succeeded Rob Clarfeld as CEO of Clarfeld and Rob Clarfeld took on a new role as Executive Chairman.

## Item 3      Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents .....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	8
Item 6	Performance-Based Fees and Side-by-Side Management .....	9
Item 7	Types of Clients .....	9
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9	Disciplinary Information .....	14
Item 10	Other Financial Industry Activities and Affiliations .....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...	15
Item 12	Brokerage Practices .....	16
Item 13	Review of Accounts.....	20
Item 14	Client Referrals and Other Compensation .....	20
Item 15	Custody .....	21
Item 16	Investment Discretion .....	21
Item 17	Voting Client Securities .....	21
Item 18	Financial Information .....	22

## Item 4      **Advisory Business**

- A. Clarfeld Financial Advisors, LLC (the “Registrant”) is a firm specializing in investment advisory services which has been in business since 1981. The firm became registered as an Investment Adviser Firm in February 1992. The Registrant features strong, dedicated leadership through its Executive Management Committee, which is comprised of seven experienced officers and directors with an average tenure of 18 years. With a staff of over 175, including 12 branch offices the Registrant offers high net worth individuals and their families, access to a team of skilled professionals.
- B. The Registrant offers to its clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, including discretionary and non-discretionary investment management and to a limited extent may provide investment consulting services on a *fee* basis.

The Registrant’s investment advisory platform is predicated on establishing an appropriate long-term asset allocation given each client’s unique lifestyle goals and cash flow needs.

The Registrant’s platform is open-architecture, meaning that the Registrant is able to select any investment manager for its platform, so long as the selection of a particular investment manager will not result in an undisclosed conflict of interest.

Managers are selected to populate client portfolios based upon their investment merits, including their management, philosophy, process, and track record.

The Registrant will tactically alter a client’s long-term asset allocation from time to time when market and macro-economic conditions warrant a more conservative/aggressive posture relative to the baseline allocation. The Registrant largely takes a discretionary approach however clients that engage the Registrant on a non-discretionary basis will have recommendations discussed and require the written consent of the client prior to implementation.

### **IMPORTANT INFORMATION ABOUT OUR SERVICES**

**Wealth Management Services.** The Registrant does not generally provide wealth management services. However, to the extent requested by the client, the Registrant may recommend the services of Clarfeld Citizens Private Wealth, a division of Citizens Bank, N.A. (“Clarfeld”), which include banking, personal financial planning, advanced estate planning, tax planning and preparation, family office services/bill paying, trust administration, and asset protection services.

Furthermore, to the extent requested by a client, the Registrant may also recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of Registrant’s representatives, in their individual capacities as licensed insurance agents of Estate Preservation Services, LLC (“EPS”), an affiliated New York licensed insurance agency and certain of Registrant’s representatives, in their separate

individual capacities as registered representatives of Citizens Securities, Inc., an affiliated SEC registered and FINRA Member broker-dealer (See disclosure at Items 10.C). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant and no portion of the Registrant's services should be construed as same.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged professional(s) (i.e. attorney, accountant, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided.

It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

**Richter Bober Asset Management ("RBAM")**. RBAM services provided as part of the Registrant, focus on managing fixed income investments held in client portfolios. Typically, RBAM selects fixed income investments driven by the effective after-tax returns available on various bond classes. Portfolio holdings managed by this group primarily consist of municipal, U.S. Government, U.S. Agency and corporate debt.

To the extent appropriate, the Registrant may allocate, on a discretionary basis, or recommend on a non-discretionary basis, a portion of your investment portfolio be managed by RBAM within the Registrant. Clients will be required to execute a separate RBAM addendum before any portion of their assets can be managed by RBAM.

Fees associated with RBAM's management shall be in addition to Registrant's ongoing investment advisory fee.

**The Large Cap Strategy (the "Strategy")**. The Strategy focuses on managing US large cap equity investments held in client portfolios. The Strategy utilizes a factor-based screening process to score and rank securities in the S&P 500 Index, focused on high quality companies with reasonable valuation exhibiting improvement. Further analysis is conducted to determine the issuer's competitive position, financial strength, industry attractiveness, and outlook. The Strategy portfolio is constructed utilizing highly ranked securities from the quantitative screen as well as qualitative research conducted by the Strategy's team to balance risk and return over the long-term.

To the extent appropriate, the Registrant may allocate, on a discretionary basis, or recommend on a non-discretionary basis, a portion of a client's investment portfolio be managed within the Strategy. Clients will be required to execute a separate addendum before any portion of their assets can be managed within the Strategy.

Fees associated (20 bps per annum) with the Strategy management shall be in addition to the Registrant's ongoing investment advisory fee.

**Use of Mutual Funds.** Most mutual funds are available directly to the public. Therefore, a prospective client may obtain many of the mutual funds that we utilize independent of engaging our services as an investment advisor. However, if a prospective client determines to do so, he/she will not receive our initial and ongoing investment advisory services.

**Use of DFA Mutual Funds.** The Registrant utilizes mutual funds issued by Dimensional Fund Advisors (“DFA”). DFA funds are generally only available through registered investment advisers approved by DFA. Therefore, if the client was to terminate the Registrant’s services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply.

**Separate Fees.** Mutual funds and exchange traded funds (“ETFs”) impose fees at the fund level (e.g. management fees and other fund expenses). All such fees are separate from, and in addition to, our investment advisory fee as described at Item 5.

**Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Therefore, in the event that the Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client’s consent.

**Independent Managers.** The Registrant may also allocate (or recommend that the client allocate) a portion of a client’s investment assets among unaffiliated independent investment managers in accordance with the client’s designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client’s designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

The annual investment management fee charged by the *Independent Manager[s]* (which can range from 0.06% to 1.50% of the assets allocated to the *Independent Manager[s]*; fees for equity managers are generally higher than those for fixed income managers) is separate from, and in addition to, the Registrant’s advisory fee as set forth in the fee schedule at Item 5.

**Retirement Rollovers-Potential for Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If the Registrant

recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn new (or increase its current) compensation as a result of the rollover. **No client is under any obligation to rollover retirement plan assets to an account managed by the Registrant.**

**Portfolio Activity.** The Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when the Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Private Investment Funds.** The Registrant **does not** recommend private investment funds. However, from time-to-time, clients may have questions regarding a prospective investment in a private investment fund which they are considering independent of the Registrant.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Valuation.** If the Registrant bills an investment advisory fee based upon the value of private investment funds or otherwise references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

**Cross Transactions.** In limited circumstances, and only when the Registrant believes it would be mutually beneficial, the Registrant may arrange for two of its managed clients to transact between each other – "cross trade" (i.e., arranging for the clients' securities trades by "crossing" these trades). For all such transactions, neither the Registrant nor any related person will be acting as a broker or receive any commission or transaction-based compensation. The client may revoke Registrant's cross-transaction authority at any time upon written notice to the Registrant.

**Client Obligations.** In performing its services, the Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is

advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Registrant's previous recommendations and/or services.

**Participant Directed Retirement Plans.** Registrant may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Services Agreement between Registrant and the plan. For such engagements, Registrant shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by Registrant), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

**Client Retirement Plan Assets.** If requested to do so, Registrant shall provide investment advisory services relative to 401(k) plan assets maintained by the client in conjunction with the retirement plan established by the client's employer. In such event, Registrant shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. Registrant's ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. Registrant will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Registrant of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

**Disclosure Brochure.** A copy of the Registrant's written Brochure and Client Relationship Summary, as set forth on Part 2A of Form ADV and Form CRS respectively, shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- A. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- B. The Registrant does not participate in a wrap fee program.
- C. As of December 31, 2020, the Registrant had \$2,833,146,000 in assets under management on a non-discretionary basis and \$2,184,890,000 in assets under management on a discretionary basis.

The Registrant has total regulatory assets under management of \$5,018,036,000 and an additional \$4,510,178,000 of assets under advisement (assets for which the Registrant provides services, but does not maintain trading authority).

## Item 5 Fees and Compensation

### A. INVESTMENT ADVISORY SERVICES

The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between 0.25% and 1.00%) as follows:

Market Value of Portfolio	% of Assets
First \$3,000,000	1.00% per annum (0.25% quarterly)
Next \$4,000,000	0.75% per annum (0.1875% quarterly)
Next \$3,000,000	0.65% per annum (0.1625% quarterly)
Next \$15,000,000	0.55% per annum (0.1375% quarterly)
Next \$25,000,000	0.35% per annum (0.0875% quarterly)
Assets in excess of \$50,000,000	0.25% per annum (0.0625% quarterly)

- \* RBAM - As discussed above, to the extent a portion of your investment portfolio is allocated to RBAM, the assets allocated shall be subject to an additional fee, as set forth in the RBAM addendum.
  - \* Large Cap Strategy – As discussed above, to the extent a portion of your investment portfolio is allocated within the Strategy, the assets allocated shall be subject to an additional fee of 0.20% per annum (0.05% quarterly), as set forth in the Strategy addendum.
- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both the Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*"), *TD Ameritrade Institutional*, Fidelity Brokerage Services, LLC ("*Fidelity*") and/or *Pershing* serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as *Schwab*, *TD Ameritrade Institutional*, *Fidelity* and/or *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions.

In addition to the Registrant's investment management fee, brokerage commissions and/or transaction fees, as noted above, clients will also incur, relative to mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).



**Tradeaway/Prime Broker Fees.** When in the reasonable determination of the Registrant that it would be beneficial for the client, individual equity and/or fixed income transactions may be executed through broker-dealers other than the account custodian. In that event, the client will generally incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “tradeaway” and/or prime broker fee charged by the account custodian.

- D. The Registrant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires a \$3,000,000 minimum asset level for investment advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement 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, competition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*.

Upon termination, the Registrant shall debit the account for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing quarter.

In limited circumstances, the Registrant may be engaged on a flat annual fee basis rather than per the above fee schedule.

As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7      Types of Clients**

The Registrant's clients shall generally include high net worth individuals and families, senior corporate executives of publicly traded companies, owners of small closely held businesses, professionals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations.

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

- A. The Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases - (securities held at least a year)
- Short Term Purchases - (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales - (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions - (use of borrowed assets to purchase financial instruments)
- Options - (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Investment Risk.** 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 the Registrant) will be profitable or equal any specific performance level(s).

Investors generally face the following types of investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

B. The Registrant's 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 the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - 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 when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (*See* discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third-party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third-party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio.

Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Therefore, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, the Registrant primarily allocates client investment assets among various mutual funds, ETFs and *Independent Manager[s]*), on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). (*See Independent Manager[s]* below). Although the Registrant may offer its services on a discretionary basis, the Registrant largely takes a non-discretionary approach, meaning that all recommendations made for each client are discussed prior to implementation and require the written consent of the client.

The Registrant utilizes an investment advisory platform that is predicated on establishing an appropriate long-term asset allocation given each client's unique lifestyle goals and cash flow needs.

The Registrant's platform is open-architecture, meaning that the Registrant is able to select any investment manager for its platform, so long as the selection of a particular investment manager will not result in a conflict of interest. Managers are selected to populate client portfolios based upon their investment merits, including their

management, philosophy, process, and track record. The Registrant will tactically alter the long-term asset allocation from time to time when market and macro-economic conditions warrant a more conservative/aggressive posture relative to the baseline allocation.

The Registrant may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation models. Registrant's asset allocation model administration has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets asset allocation models:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain, from the client, information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain securities;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs.

However, Registrant's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

Registrant's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

## Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Citizens Bank, N.A., Member FDIC.** is a federally chartered bank (the "Bank"), headquartered in Providence, Rhode Island, providing retail and commercial banking products and services to individuals, small businesses, middle-market companies, large corporations and institutions. The Registrant, as a wholly owned subsidiary of the Bank, recommends the services of Citizens Bank, N.A. to clients.
- D. **Cash Balances Conflict of Interest.** The Registrant is a wholly owned subsidiary of Citizens Bank, N.A. (the "Bank"), a national bank headquartered in Providence, Rhode Island. Unless the client directs to the contrary, clients who maintain accounts at Fidelity will have their account cash balances transferred to the Bank. The Bank will pay competitive interest rates on such cash balances. The cash balances can also be utilized by the Bank for lending purposes. Because of the relationship between the Bank and the Registrant, the arrangement between Fidelity and the Bank creates a ***conflict of interest*** because the Bank shall derive an economic benefit from the cash sweep arrangement.

**Estate Preservation Services, LLC - Licensed Insurance Agency/Agents.** Estate Preservation Services, LLC ("EPS"), is a wholly owned subsidiary of Clarfeld Financial Advisors, LLC, which in turn is wholly owned by Citizens Bank, N.A. Certain of the Registrants and representatives, in their individual capacities, are licensed insurance agents of the Registrant's affiliated licensed insurance agency, and may recommend the purchase of certain fixed insurance-related products on a commission basis. As referenced in Item 4.B, clients can engage certain of the Registrant's and representatives to purchase insurance products on a commission basis.

**Citizens Securities, Inc.** Citizens Securities, Inc. ("CSI"), a SEC registered investment adviser, a SEC registered broker-dealer and a FINRA Member firm, is

also a subsidiary of Citizens Bank, N.A. Certain of the Registrant's representatives, in their individual capacities, are also registered representatives of Citizens Securities, Inc.

**Clarfeld Citizens Private Wealth.** Clarfeld Citizens Private Wealth ("Clarfeld") is a division of Citizens Bank, N.A. which offers a broad range of wealth management services, which may include, but are not limited to: financial planning, advanced estate planning, sophisticated tax planning and tax preparation, trust administration, family office/bill paying, risk management and asset protection services. The Registrant may recommend Clarfeld's services to clients.

**Conflict of Interest.** The recommendation by either the Registrant, affiliates and/or representatives that a client utilize the services of Citizens Bank, N.A., CSI, EPS, or Clarfeld presents a conflict of interest, as the receipt by either the Registrant's parent company or a subsidiary/affiliate of additional compensation provides an incentive to recommend these additional products and/or services based on compensation to be received, rather than on a particular client's need.

No client is under any obligation to utilize, engage or purchase any services or commission products from the Registrant's parent company, subsidiaries/affiliates. Clients are reminded that they may choose to use the banking, insurance, broker-dealer and/or wealth management services of other non-affiliated entities. **The Registrant's Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- E. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of the Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of the Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must disclose their current securities holdings within ten (10) days after becoming an Access Person.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*, *TD Ameritrade Institutional*, *Fidelity* and/or *Pershing*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with the Registrant setting forth the terms and conditions under which the Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab*, *TD Ameritrade Institutional*, *Fidelity* and/or *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by the Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. 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



broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although the Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, the Registrant's investment management fee. The Registrant's best price execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

i. TD Ameritrade Institutional Customer Program

The Registrant participates in the institutional advisor program (the "Program") offered by *TD Ameritrade Institutional*, member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade Institutional* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. The Registrant receives some benefits from *TD Ameritrade Institutional* through its participation in the Program. The Registrant may recommend *TD Ameritrade Institutional* to clients for custody and brokerage services. There is no direct link between the Registrant's participation in the Program and the investment advice it gives to its clients, although the Registrant receives economic benefits through its participation in the Program that are not typically available to *TD Ameritrade Institutional* retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing research, technology, and practice management products or services provided to the Registrant by third party vendors. *TD Ameritrade Institutional* may also have paid for business consulting and professional services received by the Registrant. Some of the products and services made available by *TD Ameritrade Institutional* through the Program may benefit the Registrant but may not benefit its client accounts. These products or services may assist the Registrant in managing and administering client accounts, including accounts not maintained at *TD Ameritrade Institutional*. Other services made available by *TD Ameritrade Institutional* are intended to help the Registrant manage and further develop its business enterprise. *TD Ameritrade Institutional* may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for the Registrant's representatives to attend conferences or meetings relating to the Program or to *TD Ameritrade Institutional's* advisor custody and brokerage services generally. The benefits received by the Registrant or its representatives through participation in the Program do not depend on the amount of brokerage transactions directed to *TD Ameritrade Institutional*. Clients should be aware, however, that the receipt of economic benefits by the Registrant or its representatives in and of itself creates a potential conflict of interest and may indirectly influence the

Registrant's recommendation of *TD Ameritrade Institutional* for custody and brokerage services.

"iRebal"

Registrant considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting *TD Ameritrade Institutional* as the broker and custodian for certain of its current and future client accounts, Registrant takes into consideration its arrangement with *TD Ameritrade Institutional* as to obtaining price discounts for *TD Ameritrade Institutional's* automatic portfolio rebalancing service for advisors known as "iRebal".

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If the Registrant does not maintain the relevant level of taxable assets on the *TD Ameritrade Institutional* platform, the Registrant may be required to make a penalty fee payment to *TD Ameritrade Institutional* calculated on the basis of the shortfall.

Although the Registrant believes that the products and services offered by *TD Ameritrade Institutional* are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with *TD Ameritrade Institutional* as to the iRebal service may affect the Registrant's independent judgment in selecting or maintaining *TD Ameritrade Institutional* as the broker or custodian for client accounts.

Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, the Registrant may receive from *Schwab*, *TD Ameritrade Institutional*, *Fidelity* and/or *Pershing* (or another broker-dealer/custodian, or vendor) without cost (and/or at a discount) support services and/or products (which may include direct monetary assistance from *Schwab*, *TD Ameritrade Institutional*, *Fidelity* and/or *Pershing* to obtain certain services or products), certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware

and/or software and/or other products used by the Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

There is no corresponding commitment made by the Registrant to *Schwab, TD Ameritrade Institutional, Fidelity and/or Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual fund, security or other investment product as a result of the above arrangement.

ii. The Registrant does not receive referrals from broker-dealers.

iii. **Directed Brokerage.** The Registrant generally recommends that its clients utilize the brokerage and custodial services provided by *Schwab, TD Ameritrade Institutional, Fidelity and/or Pershing*. If the client directs the Registrant to use a different specific broker-dealer/custodian, the client must understand and accept the limitations of such direction. In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and the Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by the Registrant. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs the Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through the Registrant. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in

proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

**The Registrant's Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

## **Item 13      Review of Accounts**

- A. Account reviews are conducted on an ongoing basis by the Registrant's representatives. There is an Investment Policy Committee that meets periodically to discuss and determine investment objectives, investment selections and investment policies to be implemented by the Registrant and its representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12, we may receive from *Schwab, TD Ameritrade Institutional, Fidelity* or *Pershing* without cost (and/or at a discount), support services and/or products. There is no corresponding commitment made by the Registrant to *Schwab, TD Ameritrade Institutional, Fidelity* or *Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements.
- B. If a client is introduced to the Registrant by an unaffiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant. The Registrant does not currently engage any unaffiliated solicitors.

## Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

The Registrant engages in other practices and/or services on behalf of its clients (trustee services) that require disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. The Registrant's Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

## Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## Item 17 Voting Client Securities

Except for assets maintained in the Citizens Large Cap Strategy (the "Strategy"), the Registrant does not vote client proxies. Therefore, except for the Strategy, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. The Registrant and/or the client shall correspondingly instruct each custodian

of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Unless the client directs otherwise in writing, the Registrant is responsible, with regard to clients maintaining assets within the Strategy, for voting those client proxies (**however**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.).

For assets within the Strategy, the Registrant has delegated to ProxyEdge, an independent third party proxy voting service, with the responsibility to review, research and vote Strategy proxies in accordance with ProxyEdge's proxy voting procedures.

Registrant, in conjunction with the services provided by ProxyEdge, shall monitor corporate actions of individual issuers and investment companies consistent with Registrant's fiduciary duty to vote proxies in the best interests of its clients.

The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how any specific proxy issue was voted on is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer.

Clients will generally receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Any questions regarding the above proxy voting policy, including how Strategy proxies were voted, should be directed to Joy M. Soodik, Chief Compliance Officer of Clarfeld.

## **Item 18 Financial Information**

- A. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- B. The Registrant has not been the subject of a bankruptcy petition.

**The Registrant's Chief Compliance Officer, Joy Soodik, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**