



Form ADV Part 2

The Brochure

September 2021

This brochure provides information about the qualifications and business practices of Chesney & Company. If you have any questions about the contents of this brochure, please contact us at 888-426-2913. The information in this brochure has not been approved or verified by the United States Securities & Exchange Commission or by any state securities authority.

Additional information about Chesney & Company is also available on the SEC's website at www.adviserinfo.sec.gov.

Chesney & Company refers to itself as a Registered Investment Advisor ("RIA"). This should not be deemed to imply any certain level of skill or training.

Item 2

Material Changes

The last update of this Form ADV Part 2 was in March 2021. Since the last update changes have been made to the following sections:

1. Our firm: Registration
2. Business Model: Primary Office Address

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Item 4

Advisory Business

Our Firm

Chesney & Company is a Registered Investment Advisor (“RIA”) under the State of South Carolina.

The firm was established in 1996 by Sheila M. Chesney, who remains the sole principal and 100% owner of the firm.

Sheila Chesney holds the Certified Financial Planner (“CFP”) designation and the Chartered Alternative Investment Analysis (“CAIA”) designation. She also holds a Master of Science degree in Financial Planning.

Since inception Chesney & Company has limited the size of the firm to no more than fifty (50) client engagements. Our client engagement is an annually renewable engagement. Chesney & Company is no longer accepting new client engagements.

Our Business Model

Chesney & Company operates as a “virtual” business. The firm does not have a formal office location and Chesney & Company’s staff work remotely. We maintain office space at 6 Dairy Farm Road, Yemassee, South Carolina 29945.

Our business operates on a leading-edge technology platform with Salesforce.com at its core to track client activity and data. All the firm’s books and records and client documents are stored electronically in a secure cloud portal supported by NetDocuments. Our portfolio accounting is outsourced to Black Diamond Portfolio Reporting (Jacksonville, FL) and portfolio reports are accessible by clients on the Black Diamond website on a 24 x 7 basis. Client shared documents are exchanged using the Share File secured portal.

Chesney & Company’s operations is supported by our operations manager, Lisa D. McFee located in Beaufort, SC. The firm is further supported by the following independent providers: administrative services provided by EverSource LLC (Jacksonville, TX), bookkeeping/payroll services provided by Soulsby Accounting Group (Bath, Ohio) and computer and technical support provided by Computer Sales & Services (Columbia, South Carolina). These firms are on retainer.

As a result of our virtual business model, Chesney & Company is able to provide uninterrupted service to clients as long as one of our staff is able to access the internet.

Our Services

Chesney & Company offers sophisticated private wealth management. Our service incorporates both financial planning and investment management customized to the needs of the client.

Chesney & Company’s investment strategy is focused on what is referred to as “the endowment model”. This strategy incorporates both traditional, publicly traded stocks and bonds as well as non-traditional,

private market investments in four asset classes (real estate, private equity, venture capital and natural resources).

Our Philosophy

Chesney & Company believes in the value of strategic (long-term) financial planning. We encourage all clients to create a financial plan and review it annually.

To assist in the planning process, we utilize a planning framework that incorporates five pillars:

- Asset Protection
- Income / Spending / Disability
- Debt Management
- Investment Strategy
- Estate Planning

Our investment philosophy is founded on the belief that there are two primary drivers underlying investment valuation (and therefore) returns: the level and trend of inflation and the level of interest rates.

Chesney & Company believes that:

- Different assets will respond differently depending on the economic climate. Traditional assets (publicly traded stocks and bonds) will tend to outperform during periods of low inflation and stable or declining interest rates. Non-traditional investments (real assets) will tend to outperform in periods of rising inflation and rising interest rates.
- The minimum time horizon over which investors should be willing to place their capital at risk is a rolling five (5) years. This means that the investor should be able to completely ignore the investment and allow it to produce returns.

Chesney & Company believes in allocating capital across a range of time horizons referred to as Liability-driven Investing (“LDI”). This strategy ties the time horizon of the investment to the timing of the liability (or the when the capital is needed). In laddering capital in this way, investors are able to take advantage of the primary “edge” available to retail investor – time horizon.

Our Assets Under Management

As of September 30, 2021, Chesney & Company managed total assets of \$40,136,114. This total includes both discretionary assets (traditional publicly traded securities) and non-discretionary investments (private partnership investments).

Item 5 Fees and Compensation

Our Fee Structure

Chesney & Company charges a flat annual retainer for the services rendered to the client. The retainer is based on the client’s situation and considers, but is not limited to, the scope of the engagement, the

client's earned income and net worth. The fee schedule includes both financial planning and investment management. The firm does not have a separate fee schedule for individual services. Our minimum annual retainer is \$6,000 annually (\$1,500/quarter). Our maximum annual retainer is \$100,000 annually (\$25,000/quarter).

Billing Process

Clients are invoiced on a quarterly basis. The client may stipulate the manner in which they will pay our fee.

Additional Fees and Expenses

In addition to our advisory fees, clients should be aware that they may incur additional fees and expenses charged by custodians. Clients who participate in private partnerships will also incur management fees charged by those investment managers. These fees are stated in the prospectus ("PPM") which is provided to the client prior to investing. Clients who elect to acquire private partnerships in retirement accounts will be charged a custodial fee by the custodian. Chesney & Company does not share in any of these fees. Chesney & Company does not receive any part of the fees charged by either the managers or the custodians.

Fees In Advance

Chesney & Company charges its fee quarterly in advance.

Annual Engagement

Chesney & Company reviews each client engagement on a year-by-year basis. The engagement is by mutual consent. Chesney & Company's terms of engagement require an active participation by our client. Clients who fail to return a new signed engagement are presumed to have made a reaffirmation to continue unless we are notified otherwise.

Compensation for Sale of Securities or Other Investment Products

Chesney & Company is defined as an independent, fee-only advisory firm. Chesney & Company is compensated by its clients only under the retainer agreement specified under the section, Fees, unless otherwise disclosed in this document. Chesney & Company does not accept compensation for the sale of any securities or other investment products.

Item 6

Performance-Based Fees and Side-by-Side Management

Chesney & Company does not participate in either performance-based fees or side-by-side management agreements.

Item 7

Client Type

Client Profile

Chesney & Company accepts clients by referral only from existing clients or professionals. Chesney & Company's offering is most appropriate for affluent business owners and entrepreneurs and affluent retirees. Chesney & Company requires that clients meet the accredited investor standard, however, the service is best suited to qualified purchasers and prospective clients who embrace the firm's investment strategy.

Item 8

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Philosophy

Chesney & Company offers an "endowment model" strategy which incorporates both indirect asset classes (traditional stocks and bonds) and direct assets (defined as "alternative investments") offered by experienced investment managers.

Chesney & Company is an active manager in the equity space. The firm seeks to invest in companies that meet certain criteria defined by C-O-D-E which means:

- C – Cheap: The manager looks for great businesses being offered for a fair to great price.
- O – Owner/Operators: The manager wants to align herself with management that has a significant stake in the company. Typically, a 12% ownership by insiders is desired.
- D – Disclosures: The company must be transparent and communicative. If we can't understand how the company makes its money, we don't want to participate in it.
- E – Excellent Financial Management, we look for management that considers itself capital allocators.

Chesney & Company utilizes passive investment vehicles in the fixed income space. The manager deems this asset class to be highly efficient and active management is not sufficiently rewarded.

Since 1998, Chesney & Company has cultivated relationships with a platform of small, independent investment firms who have deep experience and skill in a niche environment. Chesney & Company's platform spans four primary asset classes: real estate, private equity, natural resources and venture capital. Within each asset class are sectors and firms focused on those sectors.

Chesney & Company makes no direct investments. All investment opportunities are provided by an investment manager (firm) on the platform. Chesney & Company believes that an investment in a private market opportunity is fundamentally a bet on the manager's experience, skill and ability to execute. Private partnerships often provide greater flexibility to tax-sensitive investors. Chesney & Company's offerings span a wide spectrum including real estate (undeveloped land, farmland, timber properties, multi-family real estate, hospitality, medical office, residential development), natural resources (oil & gas

drilling, oil & natural gas production, royalty interests), private equity (generally “fund of fund” offerings), venture capital (selected opportunities).

Asset Allocation

Given the profiles of our target client (who will often have direct investments of their own as well as other advisory relationships, businesses, company retirement plans, etc.) the allocation of capital by the client will be driven by available opportunities and client preferences. However, Chesney & Company’s general asset allocation when there is no definable trend in either inflation (approximately at the long-term average) or interest rates (stable, normal yield curve) is to allocate 50% of capital to traditional investments and 50% to non-traditional investments. The managed portfolio, however, may not reflect this allocation and the actual asset allocation could span the entire spectrum from 100% traditional assets to 100% non-traditional assets.

Alternative Investment Platform

Chesney & Company provides access to private investments for clients who do not have the skill to acquire these assets directly.

The managers on Chesney & Company’s platform have been vetted over many years and must meet the following criteria:

- A core competency in a niche market honed over a minimum of a decade.
 - Most of the firm’s managers have had multiple decades of experience. Several of our managers are second-generation and two are third-generation.
- A clear alignment of interests.
 - Our managers evidence a significant alignment of interest with their investors (“eat their own cooking”) and charge fair fee structures and share of profits.
- An impeccable reputation for honest dealings and integrity acknowledged throughout our wide network and an acknowledged “subject matter expert”.

Chesney & Company does not accept unsolicited opportunities. We work only through our top-down, manager-centric platform. The critical factors for successful private investing are skill, a depth of experience and, most importantly, access to opportunities. Chesney & Company focuses on finding superior investors for its platform.

At all times, the decision to invest in private partnerships is at our client’s discretion. Clients should always be aware that these investments are illiquid and there is no readily available secondary market for the investment. Finally, the valuation of illiquid private placements is only known with certainty upon realization. Interim to that, valuations can be stale.

Risk of Investing

All investing incurs some measure of risk.

Chesney & Company views the primary risk to our clients to be that of failing to meet their long-term goals.

The second critical risk faced by long-term investors is that of the continual erosion of purchasing power through inflation. Approximately every 25 years (a generation) the investor's purchasing power is cut in half. This means that investor must invest for sufficient reward (and, consequently, investment risk) to overcome the deleterious impact of inflation. Clients who invest in private partnerships must tolerate the risk of illiquidity; which means the inability to access their capital when needed.

Investing always places capital at risk and the permanent loss of capital is a risk in this portfolio as with all investment portfolios.

Our minimum time horizon for investing is a rolling five-year horizon and therefore we do not consider volatility in the short-term to be a risk factor that the client should consider.

Return Target and Benchmark

Chesney & Company clients will have different and, often, widely different portfolio strategies. Furthermore, clients who participate in private investments will often having capital commitments that will span several years. New opportunities will often lap existing opportunities.

Chesney & Company seeks to earn a long-term positive return over inflation of 5.5%. We assume that over the very long-term horizon that U. S. inflation will generally approach the average CPI-U of 2.2%.

Margin

Chesney & Company encourages all clients to add the margin feature to their primary brokerage account for the purpose of flexibility. However, Chesney & Company's portfolio strategy does not deploy leverage unless requested by the client. All clients are made aware that we believe that the prudent use of margin can be an effective tool for the investor seeking significant accumulation of wealth. We refer to this strategy as "durable margin" in which the client maintains a consistent percentage of margin versus the portfolio value over the investment lifetime. This determination is at the client's discretion.

Valuation of Illiquid Securities

Private Partnership interests are not "marked-to-market".

The valuation of any private partnership unit (Limited Partnership interest) is provided only by the investment manager in writing. Chesney & Company assumes that the most reasonable valuation expectation for any private partnership is what you invested in it unless the investment manager has provided a more current valuation. For this reason, you should know that the valuation on your portfolio report can reflect a stale value.

If you elect to participate in private investments in a retirement account, these assets will require custody. All custodians require that any valuation changes must come from the investment manager directly.

That said, a fundamental requirement of Chesney & Company is that the managers on the Chesney & Company platform must invest in their own opportunities with conviction. Therefore, it is reasonable to

assume that if the manager is participating at the offering price alongside the investor, that he or she believes the valuation to be fair. As stated under Item 8, Chesney & Company believes that the manager's conviction in his or her own investment opportunities is a critical element behind Chesney & Company's willingness to recommend said investment to clients. Further, the participation by the investment manager at the offering price is a reasonable basis for the valuation of the asset.

Item 9

Disciplinary Information

Chesney & Company has no disciplinary information to report.

Item 10

Other Financial Industry Activities and Affiliations

Chesney & Company is a shareholder (less than 1%) in the National Advisors Trust Company, Kansas City, Missouri. Chesney & Company may recommend National Advisors Trust Company to provide trust services to clients.

Item 11

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

Chesney & Company accepts a fiduciary responsibility to our client.

Chesney & Company's principal and staff may invest in the same investments recommended to clients. Chesney & Company's principal may invest in the same recommended private partnerships to the degree it is financially possible to do so. In the case of limited opportunities, however, clients are offered the opportunity first and Chesney & Company's principal will invest only if there is availability after all clients have voiced interest.

Chesney & Company's staff does not trade for their own accounts. Chesney & Company strategy (outlined under Investment Philosophy) is to invest in companies run by managers who own material positions in their companies and are superior allocators of capital. This kind of investment is, by its nature, a long-term investment and consequently, Chesney & Company does not trade actively. Further, the firm invests in larger companies with widely available shares such that knowledge of the positions being placed by Chesney & Company would have no impact on pricing for a client.

Chesney & Company strives to avoid all conflicts of interest but recognizes, that in business, this is not always possible. To that end:

- Chesney & Company does not accept gifts or enticements except those of nominal value.
- Chesney & Company pays all expenses related to our business including cost of travel, lodging, food, transportation.

- Chesney & Company neither buys securities from our clients, nor sells securities that we own to our clients. Clients who wish to exit an investment are encouraged to contact the investment manager.
- Chesney & Company does not participate in IPOs.
- Chesney & Company may participate on advisory boards or seek observers' rights to boards of companies in which we have invested, or accept board seats if offered. Chesney & Company believes that the information and knowledge garnered by virtue of these engagements is a value to our client. Any participation and compensation resulting from such compensation will be fully disclosed.

Item 12

Brokerage Practices

Your brokerage and custody costs

Chesney & Company utilizes the brokerage services of Charles Schwab & Company as our primary custodian.

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services. Schwab is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features.

In addition to commissions, Schwab can charge you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, to minimize your trading costs, we have Schwab execute most trades for your account.

Best Execution

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors. By using another broker or dealer you may pay lower transaction costs. Chesney & Company does not maintain custody of your assets [that we manage/on which we advise], although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when [we/you] instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below. You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, you may direct us to use other brokers to execute trades for your account although we may charge an additional fee for doing so.

How we select brokers/custodians

We seek to recommend Schwab, a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
- Reputation, financial strength, security and stability
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab”)

Chesney & Company also utilizes the custodial services of Equity Trust for the custody of private partnerships in retirement accounts. Prior to selecting Equity Trust, we undertook extensive research to find a custodian who would, not only provide these services at the best price, but also provide a superior service. Our research showed that the fees charged by Equity Trust were competitive compared to others in the space.

Chesney & Company receives no incentives for custody with Equity Trust. We have made this relationship because our clients have asked for a custodial option when investing in private partnerships in retirement accounts.

Chesney & Company does not require that you use Equity Trust for custodial services, and we will endeavor to work with any custodian that you choose, however, we may charge a higher retainer fee in this event.

Unique Engagements

Each client engagement is unique because of the range of wealth, experience, sophistication and needs. In the discretionary management of client's assets, each client is handled individually. We do not batch trades.

Insider Trading

Chesney & Company does not act on insider information. Should Chesney & Company be given material non-public information relative to a publicly traded firm, Chesney & Company would put that company's shares on a restricted list.

Relative to private partnerships, Chesney & Company regularly communicates with the investment managers on its platform. Engaging with advisors and with the clients of these advisors is the lifeblood of the manager's business. Consequently, it is in the manager's best interest to be as transparent and communicative as possible, and Chesney & Company encourages that transparency. Should Chesney & Company be provided any information that would be deemed material to its clients, it will require that that information be fully disclosed before any investment is made by a Chesney & Company client.

Item 13

Review of Accounts

Chesney & Company's client review schedule is designed in line with the client's situation but is no less frequent than semi-annually.

Chesney & Company encourages all clients to actively participate in our planning process and review their plan annually. Clients who do not participate on an annual basis will receive a non-compliance letter after the second year reminding them that the failure to engage may mean that they are not suitable to our firm.

Portfolio Monitoring

Client portfolios are monitored at least on a quarterly basis by the principal, Sheila M. Chesney. Chesney & Company provides access to portfolio reporting through Black Diamond Portfolio Reporting. All client portfolios are reviewed at least semi-annually.

Clients who participate in private partnerships receive communication directly from the investment manager. Chesney & Company engages with all the managers on the platform at least on an annual basis whether the manager has an open opportunity or not. Chesney & Company considers this ongoing engagement to be a critical part of having confidence in the manager's capabilities.

Reporting

Chesney & Company provides reporting to clients at the annual meeting. Interim to the annual meeting, all clients are given secure access to their portfolio reporting through Black Diamond Portfolio Accounting.

Communication

Chesney & Company customizes the reporting strategy to the client's situation.

Chesney & Company spends at least 40% of each week on research, investment analysis, portfolio reviews and management meetings. It is expected that at any time, Chesney & Company should be able to provide a current update on any investment in the portfolio.

Item 14

Client Referrals and Other Compensation

We receive an economic benefit from our relationship with Charles Schwab in the form of the support products and services made available to us and other independent investment advisors whose clients maintain their accounts at Schwab.

You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

Chesney & Company does not pay for client referrals. Chesney & Company is a "fee-only" firm and does not receive compensation from any other source unless disclosed in this registration document.

Item 15

Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account.

Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements with the portfolio reporting on our Black Diamond Portfolio Accounting platform.

If you custody assets with Equity Trust, they hold the reporting on those assets. You will receive account statements directly from Equity Trust on a quarterly basis. They will be sent to the email or postal mailing address you provided to them. You should carefully review those statements promptly when you receive them. We also urge you to compare their account statements with the portfolio reporting on our Black Diamond Portfolio Accounting platform.

Some clients have assets custodied with National Advisors Trust Company ("NATC"). You will receive account statements directly from NATC on a quarterly basis addressed to the email or postal mailing address you provided to them. You should carefully review those statements promptly when you receive them. We also urge you to compare their account statements with the portfolio reporting on our Black Diamond Portfolio Accounting platform.

Pooled Funds

Chesney & Company manages two pooled fund vehicles.

- A. Red Tail Real Estate Opportunity I, LLC ("Red Tail")
- B. Grey Horse Partners, LLC ("Grey Horse")

Both funds have been closed to new investments (Red Tail Real Estate Opportunity Fund I, LLC since 2007 and Grey Horse Partners, LLC since 2014). Both funds are in the liquidation phase. It is expected that Grey Horse Partners will fully liquidate in 2022. It is anticipated that the Red Tail Real Estate Opportunity Fund I will fully liquidate in 2022.

Both funds will be submitting to an audit by Chesney & Company's CPA firm, Crowley & Wechsler, for the period ending 12/31/21.

Item 16

Investment Discretion

Discretionary Authority

Chesney & Company accepts discretionary authority for the indirect (traditional) assets only. Clients customarily do not impose any limitations on this authority, however, if they do so, Chesney & Company maintains this information on file and will honor the request. Clients execute a Limited Power of Attorney through the custodian.

Non-Discretionary Authority

Chesney & Company does not accept discretionary authority for direct investments (private partnerships) offered through our investment manager platform. These investments are offered by subscription only to qualified investors (accredited investors or qualified purchasers). Chesney & Company relies on the investment manager for the representations of the opportunity and makes no direct investments except through an investment manager on our platform. Clients are free to participate, or not, at their own discretion. Clients who do elect to participate must sign our acknowledgement that they knowingly participated after having received sufficient information.

Item 17 Anti-Money Laundering

As part of our compliance processes, Chesney & Company reviews all cashflows into or out of client custodial accounts on a daily basis. Any unexpected flow is investigated by our operations manager. If the flow is material and cannot be explained, it will be brought to the attention of the Chief Compliance Officer (“CCO”), Sheila M. Chesney, and she will take appropriate action.

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Item 18 Cybersecurity

Chesney & Company takes security and the protection of client assets and information very seriously. Chesney & Company believes that a material percentage of cyberattacks are the result of accidental opening of infected emails by employees inviting hackers into a company’s network. For that reason, in 2005, Chesney & Company removed our in-house servers and moved all our technology to secure cloud platforms. Chesney & Company maintains a paperless environment and all our technology has its own password protection. If available, Chesney & Company utilizes two-factor authentication.

On an annual basis, stored documents that are no longer required to be retained are purged from our system. The firm has an ongoing retainer agreement with Computer Sales & Service of Columbia, SC for all technology issues.

All client communication is shared through a secure private portal (Sharefile).

On an annual basis we confirm that our primary technology relationships have up-to-date cybersecurity processes in place.

Item 19

Voting Client Securities

Proxies

Chesney & Company does not vote client securities. Clients receive proxies directly from the custodian. Chesney & Company assists clients in voting shares when requested

Item 20

Financial Information

Chesney & Company does not require or solicit prepayment of fees.