

Item 1 - Cover Page



DEROY & DEVEREAUX

Form ADV Part 2A - Firm Brochure

DeRoy & Devereaux Private Investment Counsel, Inc. (DBA DeRoy & Devereaux)

September 24, 2021

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This brochure provides information about the qualifications and business practices of DeRoy & Devereaux Private Investment Counsel, Inc. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address listed above.

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.

DeRoy & Devereaux Private Investment Counsel, Inc. is a registered investment adviser. Registration as an Investment Advisor does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about DeRoy & Devereaux Private Investment Counsel, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

In this section, DeRoy & Devereaux discusses only material changes since the last annual update of our brochure.

The last update of this brochure was February 15, 2021. The date of the last annual update of this brochure was February 15, 2021.

There have been no material changes since the last annual update of this brochure.

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Item 4 - Advisory Business

RAC Investment Advisors, the predecessor of DeRoy & Devereaux, was established in 1979 by Arthur DeRoy Rodecker to provide investment management services to the DeRoy Testamentary Foundation. In May of 2002, Mr. Gregg D. Watkins joined Arthur Rodecker at RAC Advisors, acquired an ownership interest in the firm, and renamed the firm DeRoy & Devereaux (the "Advisor" or "D&D"). D&D is a privately-held S-Corporation whose ownership is comprised of five shareholders: Sean A. Metrose, Jeffrey W. Wardlow, Karl L. Knas, Sarah B. Schattner, and Mary Beth Grabel. The Advisor is 100% employee owned by the aforementioned. The principal owners are Mr. Metrose and Mr. Wardlow.

Individually Managed Separate Accounts

D&D provides investment advisory services for individuals, families, foundations, pension plans and other institutional investors ("Clients") on a discretionary basis. The Advisor actively manages diversified portfolios of publicly traded equities and debt securities for investors whose objectives are long-term capital appreciation and income growth. The Advisor recommends all types of equity and debt securities including, but not limited to: common stocks, preferred stocks, corporate bonds, U.S. Government securities, mortgage-backed securities, convertible securities, warrants, foreign securities, American Depositary Receipts, master limited partnerships, shares of investment companies including exchange-traded funds, and commercial paper. The portfolios of Clients are managed individually, and no representations regarding uniformity of management or results are made. Please see *Item 13 – Review of Accounts* for more information. Clients can impose reasonable restrictions on investing in certain securities or security types.

Services are limited to investment management and do not encompass financial or estate planning, custody, or brokerage. D&D manages portfolios consisting primarily of equity and fixed income securities, so advice is limited to these types of investments. D&D does not undertake to vote corporate proxies on behalf of our Clients, except when specified by our investment management agreement, or similar Client agreement. Proxy voting services (performed by an unaffiliated third party) are negotiable. Please see *Item 17 – Voting Client Securities*.

Assets under management total just over \$1,608,000,000 as of December 31, 2020, all of which are managed on a discretionary basis. The Firm also had non-discretionary assets of over \$377,800,000 of December 31, 2020. Non-discretionary assets include assets in Unified Managed Accounts ("UMA") and other model-based strategies. The asset values reported for these non-discretionary assets reflect values one to three months prior to December 31, 2020, depending on when the sponsors provide us with the information.

Wrap or Dual Contract ("SMA") Account Programs

D&D participates in wrap fee advisory programs sponsored by unaffiliated advisors, broker-dealers, or banks (collectively, the "Sponsors"). Under these programs, the Sponsors are responsible for selection or facilitating the selection of advisors, pre-screening client suitability, most aspects of direct client services, and operations. Clients of the Sponsors are provided separate account advisory services.

Trades are placed with brokers specified by the Sponsors. In determining whether to establish a wrap fee program account, a client should be aware that the overall cost to a client in a wrap fee program can be higher or lower than the client might incur by purchasing the strategies available in the wrap fee program directly from D&D. This depends on what the Sponsor would charge for each service if services were unbundled and charged separately. Clients of the Sponsors would need to obtain this unbundled information directly from the Sponsors in order to make this comparison.

Additionally, D&D provides investment advisory services to SMAs through dual contract managed account programs. In a dual contract program, D&D provides its advisory services pursuant to an advisory agreement directly with the client. A client separately arranges with one or more third parties for custody, financial advisory, and certain trading services to be provided on a partially-bundled or unbundled basis. In a partially-bundled program, certain of such services (typically custody, financial advisory, and certain trading) are provided for under a bundled fee arrangement. In an unbundled arrangement, such services are contracted, provided, and paid for separately.

Under these Programs, the investment product/strategy/style is specified in the Sponsors contract with D&D. See *Item 5 - Fees and Compensation* for details on fees D&D receives for services under these types of Programs.

Model Portfolio Account Programs

D&D provides certain clients who are investment advisors ("Model Clients") with one or more model portfolio(s) for discrete asset classes. Each of these Model Clients uses the model portfolio(s) created by D&D as the basis for investment strategies that they offer to their clients. D&D does not create the model portfolio based upon the individual or particular needs of clients in the program, or any other person, but based upon what D&D believes is an appropriate allocation and weight of securities for each strategy. D&D Model Clients have discretion to determine how and when to act upon the recommended changes to the model portfolio provided by D&D. D&D has limited or no trading authority in such arrangements.

Under these Model Portfolio Account Programs, the investment product/strategy/style is specified in the Model Clients contract with D&D. See *Item 5 - Fees and Compensation* for details on fees D&D receives for services under these types of Model Portfolio Account Programs.

Donor-Advised Program

A Donor-Advised Fund ("DAF") is a charitable giving vehicle sponsored by a public charity that allows Clients to not only contribute to charity and be eligible for an immediate tax deduction, but also recommend grants over time to any IRS-qualified public charity. D&D participates as an investment adviser on a donor-advised program administered by an unaffiliated third party. An account holder who meets minimum thresholds, as determined by the DAF, can nominate D&D to actively manage the portion of the assets contributed to the DAF. The Trustees of the charity contract with D&D. See *Item 5 - Fees and Compensation* for details on fees D&D receives for services under the Donor-Advised Program.

Item 5 - Fees and Compensation

Direct Compensation

D&D is directly compensated for the services we provide based on the Client's fee schedule. The specific manner in which fees are charged by D&D is established in a Client's investment management agreement with D&D. Clients are charged quarterly fees in arrears unless otherwise agreed to on an exception basis with the Client. Minimum fees are charged if agreed to in the Client's investment management agreement.

Standard quarterly fee rates are as follows:

Individually Managed Separate Accounts

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| <u>All Cap Equity:</u> 1.0% on the first \$5 million 0.75% on the next \$5 million 0.50% thereafter | <u>Smid Cap Value:</u> 1.0% on the first \$10 million 0.80% on the next \$15 million 0.65% on the next \$25 million Negotiable thereafter |
| <u>Balanced:</u> 1.0% on the first \$5 million 0.75% on the next \$5 million 0.50% thereafter | <u>Fixed Income:</u> 0.40% on the first \$5 million 0.35% on the next \$5 million 0.30% on the next \$15 million 0.25% thereafter |

All fees are subject to negotiation and fees within an account can vary when different asset classes are being managed in the same account. D&D has Clients who pay more than the standard quarterly fee rates stated above for portfolio management services.

Fees are based on the trade date appraisal value of a portfolio's cash and securities at the end of the calendar quarter, unless specified otherwise by the Client or D&D. Clients should be aware that there are times, such as in low interest rate environments, when the fee that is charged on cash or cash equivalents can exceed money market yields. D&D does not bill on gross AUM if there is margin involved. That is, the margin balance is deducted from AUM before the fee is applied. Furthermore, we receive no indirect compensation from margin accounts, we are not dually registered, and have no broker-dealer affiliation which eliminates these related conflicts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Management fees shall be prorated for capital contributions and withdrawals made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals as determined by the Firm).

At D&D's expense, a portion of the fee that D&D receives from the Client is also paid to some of our employees as part of their compensation. This compensation is based upon an account's asset level and not based upon recommending one strategy over another. Clients can authorize their designated custodian to deduct our fees directly from their custodial account or be invoiced directly. D&D normally invoices quarterly in January, April, July, and October.

Fees are negotiable and can be adjusted to reflect particular account circumstances. These circumstances include, but are not limited to: the size of the account, account type, nature of account relationship, anticipated future additional assets, account composition, or account retention, among other things. We provide the same services to accounts of D&D employees, family members or friends for no fee or for fees lower than those charged to other Clients. In our sole discretion, we will "household" clients together for billing breakpoint purposes. Considerations taken into account when determining if householding makes sense include: the scope of the engagement, familial or associated relationships, client longevity, anticipated future additional assets, dollar amount of assets to be managed, account services, account styles and account composition. Contracts are cancellable on thirty days written notice by either party. Assets are priced with information provided by custodians and other outside vendors. D&D does not offer performance-based fees. In the event of a billing error that results in D&D overcharging a client, the client is always made whole. Billing errors are reported on the client's next invoice after the error is discovered.

D&D's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the Client such as charges imposed by custodians, brokers, third party investments, and other third parties. These fees may include other manager's fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions charged by other providers for these services. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to D&D's fee, and D&D does not receive any portion of these commissions, fees, and costs. *Item 12 - Brokerage Practices* further describes the factors that D&D considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Instead of paying an asset-based fee to D&D for ongoing advice, a Client could open a brokerage account with a broker-dealer, where a Client pays a transaction-based fee (generally referred to as a commission) when the broker-dealer buys or sells an investment for the Client. A transaction-based fee may make more sense from a cost perspective, if a Client does not trade often or if a Client plans to buy and hold investments for longer periods of time. With a broker-dealer, a Client may select investments or the broker-dealer may recommend investments for the account; however, the ultimate decision for the Client's investment strategy and the purchase and sale of investments will be the Client's.

Wrap Fee Programs and Model Portfolio Account Programs

D&D receives a portion of the wrap and/or model management fee for services provided by the Sponsors. Advisory fees earned by D&D for wrap fee programs are covered under agreements with the Sponsors and are part of a single inclusive (wrap) fee charged by the Sponsor for investment advisory services, commissions, custody, and administrative costs. Fees for wrap accounts are calculated by the Sponsors based on the Client's assets under management. Wrap sponsors often opt to create their own fee invoices in lieu of ours.

The fee and service arrangements for accounts under any wrap fee program are negotiated between the Client and the Sponsor. The fee paid by the Client to the Sponsor can cover services of the Sponsor and/or its affiliated entities, other than the portfolio management of the Client's account. These services generally include, but are not limited to, trade execution and custodial services.

In the case of a dual contract managed account program, the Client is charged a fee by the Sponsor and D&D separately. For model accounts, D&D is compensated directly by the outside firms to which it provides model accounts at a negotiated rate.

Donor-Advised Program

D&D receives fees directly from the charity for investment services provided to the DAF. D&D's standard fee schedule is used unless a different schedule is separately negotiated. Fees are charged in a manner similar to the Firm's other separate accounts. D&D's fees are exclusive of the Charity's administrative fee, brokerage commissions, transaction fees, and other related costs and expenses incurred by the Client. Please see the *Direct Compensation* section above for more relevant information as it relates to D&D's direct compensation practices.

Indirect Compensation

D&D receives indirect compensation in connection with the services we provide through soft dollars, gifts/gratuities and business entertainment. Where applicable, D&D utilizes research and research-related products and other brokerage services on a soft dollar basis. Soft dollars are generally used to describe arrangements in which a money manager uses a portion of Client commissions to pay for research or other products or services that the firm has determined are beneficial for Clients. For more information, please refer to *Item 12 - Brokerage Practices*.

D&D occasionally receives gifts or entertainment from persons with whom it does or seeks to do business, including brokers, or others. These gifts include non-monetary and promotional items (such as mugs, calendars or gifts baskets) or entertainment such as meals, sporting events or access to conferences. Additionally, D&D holds business and entertainment meetings for current Clients or prospective Clients, and occasionally sends flowers, candy or similar to Clients around life events (e.g., births, funerals) or holidays. Any acceptance of or giving of a gift by a D&D employee must be done in accordance with our Code of Ethics. For more information, please review *Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.

We do not have any affiliated custodians or broker dealers.

ERISA & Other Rollover Retirement Account Fees and Compensation

The U.S. Department of Labor regulations under the Employee Retirement Income Security Act ("ERISA") require that we disclose information about direct and indirect compensation we reasonably expect to receive in connection with the investment management services we provide to employee benefit plans subject to ERISA. We provide discretionary investment management services to ERISA plans as described in each investment management agreement between an ERISA plan and D&D.

By recommending a rollover or transfer of an existing retirement account, D&D and D&D's investment adviser representative will earn an asset-based fee as a result of the investor's decision (unless the fee is waived) and therefore, have an economic incentive to encourage investors to do so. Retail retirement investors should ensure that all important alternatives are considered and weighted according to his or her best interest before rolling over or transferring retirement assets. D&D's duty to act in the best interest of its Clients extends to investment advice with respect to retirement assets.

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

Performance-Based Fees

D&D does not have any performance-based fees -- that is, fees based on a share of capital gains on or capital appreciation of the assets of a Client (such as a Client that is a hedge fund or other pooled investment vehicle).

Side-By-Side Management

D&D does not currently have any side-by-side arrangements such as when a manager also manages hedge funds, mutual funds, performance-based fee accounts or private funds.

Conflicts of Interest

Given that D&D participates in Wrap SMA and Model Account Programs (see *Item 4 - Advisory Business*), we have adopted and implemented policies and procedures, including those for trade aggregation, trade allocation, trade rotation, and code of ethics. These are designed to treat Clients fairly and equitably over time.

D&D has incentive to favor Clients with higher account values or higher fee schedules, but has implemented policies and procedures to help address this conflict. These include policies that cover trade aggregation, trade allocation, code of ethics, and standards of conduct.

A portfolio manager may buy or sell a security in an account he or she manages while not contemporaneously buying or selling the same security for another Client account(s) he or she concurrently manages if he or she determines that such security is not appropriate for the other account(s). Factors the portfolio manager considers in making this decision include Client restrictions, available cash, sector weightings of the portfolio, applicable regulatory rules, position weighting desired, Client specific investment objections, tax considerations, Client instruction, and other relevant factors. Similarly, if a Client directs a portfolio manager to take an action (e.g., short a position), there is a chance that this action is inconsistent with other Clients' positions. In no event shall one Client be given preference over another Client for the allocation of trades on the basis of factors not driven by the appropriateness of the investment in that security under the circumstance at that time.

Item 7 - Types of Clients

D&D's Clients primarily consist of individuals, high net worth individuals, families, trusts, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities and other institutional investors. D&D generally requires a minimum amount of \$2 million to open or maintain an account. However, at the Firm's discretion, account minimums can be waived on an exception basis. Consideration taken into account when granting exceptions include, but are not limited to: aggregating a client's account with other accounts based on a common household to meet the minimum account size, nature of account relationship, anticipated future additional assets, account composition, or account retention, among other things. Please see *Item 4 - Advisory Business* for additional information.

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

Methods of Analysis & Investment Strategies

The Advisor employs a strategy we think is best described as a value approach to equity and bond investing. D&D invests in equities across all market cap sizes and in bonds of all investment quality grades, depending on a Client's goals and investment profile. D&D uses fundamental analysis to assess the intrinsic value of a security by examining relevant economic, financial, and other qualitative and quantitative factors that can impact the value of a security. D&D's objective is to identify securities that it believes have attractive or improving fundamental characteristics that can be purchased at what it believes are undervalued prices. D&D utilizes several valuation methods for comparisons of peer companies to determine whether it believes a security is undervalued.

D&D invests primarily in equity and fixed income securities. The equity portion of managed portfolios typically consists of 40-60 issues selling at what D&D believes to be a discount to their fundamental investment value, a judgment that is subjective in nature. Stocks can be owned across all market capitalization ranges and style classifications. Portfolios frequently maintain sector and industry weightings significantly different from the market indices, which can lead to increased volatility. D&D's investment time horizon can allow for adverse short-term results as long as it is believed a portfolio's prospects for optimal long-term returns are enhanced. The Advisor professes no ability to forecast market fluctuations or predict the absolute level of future returns. The portfolios of Clients are managed individually, and no representations regarding uniformity of management or results are made.

Clients can invest in one or more of our investment strategies. Our primary strategies are described below. These strategies are customized based on the Client's specific goals and objectives. Clients' portfolios can also consist of a combination of our strategies, depending on individual needs.

ALL CAP EQUITY

Our All Cap Equity strategy employs our all capitalization core value approach. We typically maintain focused portfolios (approximately 40 – 60 stocks) of what we view as higher-quality issues purchased at what we believe to be material discounts to their fundamental values. We typically own stocks across all capitalization ranges, focusing on those companies that we have identified as offering the most fundamental value. Security selection decisions are based on fundamental research and risk/reward analysis. D&D has a largely bottom-up investment process.

SMID CAP EQUITY

Our Smid Cap Equity strategy leverages the same philosophy and process as our All Cap Equity strategy described above, with a concentration on the small to mid-capitalization sector of the market. The portfolio typically consists of approximately 35-50 names with a market cap less than \$15 billion at the time of purchase.

TOTAL RETURN BOND

Our Total Return Bond strategy seeks to emphasize the higher yielding segments of the bond market. We select bonds from across the spectrum of maturities, quality, and capital structure. Our goal is to design well-diversified portfolios of what we believe are quality, high income producing bonds with total return potential. The strategy emphasizes corporate bonds, focusing on what we have identified as undervalued bonds with a catalyst for improving credit trends.

INVESTMENT GRADE INTERMEDIATE

Our Investment Grade Intermediate strategy leverages the same philosophy and process as our Total Return Bond Strategy described above, with a concentration on medium term maturity bonds having credit quality that we have identified as investment grade.

D&D's balanced portfolios build off of our equity and bond strategies described above with further customization based on the Client's specific goals and objectives. D&D also has discretion to invest in other investments including, but not limited to, exchange traded funds, mutual funds, and master limited partnerships, as it deems suitable for the goals of its Clients or at the direction of Clients. For example, although not a frequent occurrence, D&D will purchase other securities (including establishing short positions) if directed to do so by a Client and after discussing the risks of such positions with the Client. Furthermore, although it is not an investment strategy of the Firm nor is it a regular event, D&D will trade on margin to accommodate a client's specific financing request, such as to purchase real estate, or to purchase or short a particular stock at a client's direction.

Additional details about our strategies can be obtained at no charge by contacting DeRoy & Devereaux at (248)358-3220, sschattner@deroydevereaux.com or by writing to: DeRoy & Devereaux, 2000 Town Center, Suite 2850, Southfield, MI 48075.

Risk of Loss

Each investment has a differing level of risk. In order to obtain a higher rate of return on investments, the investor must typically accept a higher level of risk. Investing in securities involves risk of loss and volatility of returns that Clients should be prepared to bear. There are no guarantees that an investment strategy will be successful or that Clients will reach their goals. Summaries of material risks are provided below. These summaries are necessarily limited and are presented for general information purposes in accordance with regulatory requirements.

In addition to D&D's ***estimates or opinions*** about the intrinsic value of a company being incorrect, there are other risks to consider. These risks include, but are not limited to: ***market risk, security selection risk, sector/industry concentration risk, portfolio concentration risk, style risk, foreign security risk, and liquidity risk.***

Securities are subject to stock market risks, such as rapid fluctuations in price or liquidity due to news and general economic conditions in both domestic and international markets, overall stock market trends, investor perceptions and interest rates. Individual securities are also subject to earnings and

other developments specific to a particular company as well as available trading volume and market volatility.

Portfolios can maintain sector or industry weightings significantly different from the market indices, which can lead to increased volatility. Negative news or events specific to a sector or industry can cause a decline in an account's value. Additionally, a particular style of investing can fall out of favor relative to other styles. During periods when an account maintains exposure to cash or short-term instruments, accounts risk not participating in market movements to the same extent that it would if the account was more fully invested.

In general, foreign securities are subject to different economic and portfolio environments, different accounting and regulatory practices, information availability and currency fluctuations. We typically use American Depositary Receipts (ADRs) which represent shares in a foreign stock that is traded on a U.S. exchange. ADRs do not eliminate these types of foreign securities risks and can also be subject to additional fees or taxes that are not normally charged when trading in U.S. securities.

In those cases where a Client has directed D&D to make a certain investment (e.g., short sale), it will be noted on the trade ticket that the investment is at the Client's direction. In directing us to make a particular investment or trade on a Client's behalf, the Client is confirming that he or she has evaluated the merits of the investment, the potential risks, and how this investment effects overall portfolio composition and goals.

Fixed income securities are also subject to certain risks such as ***credit risk, interest rate risk, prepayment and extension risk, and liquidity risk.***

Credit risk involves the risk of an issuer of a fixed income security being unable or unwilling to make timely principal and/or interest payments or to otherwise honor its payment obligations. Further, when an issuer suffers adverse changes in its financial condition or credit rating, the price of its debt obligations will often decline.

The value of a bond can also decline due to an increase in the absolute level of interest rates, or changes in the spread between two rates, the shape of the yield curve, or any other interest rate relationship. In general, the longer the average maturity of the bond, the more the value will fluctuate in response to interest rate changes.

Prepayment risk is the risk associated with the early unscheduled return of principal on a fixed-income security. This can happen during a period of declining interest rates. Prepayment generally results in reduced cash flow for a bondholder when proceeds from the redemption are reinvested at a reduced interest rate. Rates of prepayment, faster or slower than expected, could reduce an account's yield and/or increase the volatility of the account's portfolio.

Extension risk is the risk of a security's expected maturity lengthening in duration due to the deceleration of prepayments. Future proceeds from investments risk having to be reinvested at a

potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities, when interest rates are declining.

Market liquidity risk refers to an inability to easily exit a position. Adverse market or economic conditions, such as rising interest rates, tend to adversely affect the liquidity of an investment limiting the ability to sell a security at an advantageous time or price. Furthermore, if a position is large relative to the typical trading volume for that security, it can make it difficult to dispose of the position at an advantageous time or price. Relatively less liquid securities can also be difficult to value. Liquidity risk is often magnified in a rising interest rate environment due to the increased supply in the market that would result from selling activity.

Trading on margin presents risks of its own. Clients should carefully read the Margin Disclosure Statement provided by the broker. Margin transactions are riskier and involve the possibility of greater loss than transactions in which a Client is not borrowing money. If the value of the securities or other assets falls, a Client may be required to deposit more assets (a "margin call") to secure the loan or the securities, and other assets may be sold to pay down or pay off the loan without prior notice and at a loss or at a lower price than under other circumstances. Moreover, Clients must repay both the amount borrowed and interest (even if the Client loses money). There are also potentially high margin requirements for concentrated positions or volatile stocks.

Other Risk Considerations

In addition to the investment strategy and market risks detailed above, there are other risks of which Clients should be cognizant. These risks include (but are not limited to) business disruptions, key person departures, cybersecurity vulnerabilities, and pandemic events. The Firm has established a risk assessment framework and updates the assessment on an at least annual basis, or when there is any significant business or regulatory change. D&D has put into place mitigating controls, established safeguards, and created protocols to be followed in the event of a significant risk event.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of D&D or the integrity of D&D's management. D&D has no information applicable to this Item.

Item 10 - Other Financial Industry Activities and Affiliations

Neither the Advisor nor the Advisor's management persons have registered, or have an application pending to register, as a broker-dealer or as a registered representative of a broker-dealer.

Neither the Advisor nor the Advisor's management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or commodity trading advisor, or as an associated person of any such entity.

The Advisor does not recommend or select other investment advisors for its Clients that pay compensation directly or indirectly to the Advisor nor does the Advisor have any other business relationships with investment advisors that create a conflict of interest.

Subject to D&D's Code of Ethics as outlined in *Item 11* below, employees of D&D buy or sell investments for their personal accounts that are also recommended to D&D Clients or purchased for Client accounts. All Client accounts will be treated in a fair and equitable manner.

D&D's employees also serve on charitable boards, on civic committees, as trustees, or maintain wholly-owned private holding companies or limited partnerships in real estate properties with no financial industry activities or affiliations. These outside activities do not involve a substantial amount of the supervised person's time.

Other Industry Activities and Affiliations

Laree Perez sits on the Board of Directors of Martin Marietta Materials, Inc. (a publicly traded company) where she is the Chair of the Audit Committee and a member of the Nominating and Corporate Governance Committee. We believe the potential conflict of interest is mitigated as Martin Marietta is on D&D's restricted list and as such is prohibited from buy or sell transactions in Client or personal accounts with rare exceptions. These exceptions include Ms. Perez's receiving common stock shares of Martin Marietta as part of her compensation as a member of the Board of Directors of the company and the subsequent selling of certain of these shares after they have vested in compliance with the plan provisions. Any transactions are done in accordance with regulatory requirements, the company's Code of Ethics, stock ownership guidelines, and other governance policies. All necessary filings with the SEC and the New York Stock Exchange are made as required in connection with such transactions. Furthermore, if a Client holds the stock prior to D&D's management, D&D would not have affected the purchase of the shares of the stock and the Firm will accept the position as an accommodation to the Client. The position is opportunistically sold at a future point, considering prevailing market conditions and the Client's portfolio composition. Laree is also on the Board of Directors of a private company, Sunset Memorial Cemetery.

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

Code of Ethics

D&D has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of client information, personal securities transactions, political contributions, the giving and receiving of gifts, and the disclosure of outside business activity. The Code also provides for a prohibition on the misuse of material, non-public information.

Additionally, the Code of Ethics is designed to ensure that employees are not receiving or providing excessive gifts, gratuities, or other entertainment as it relates to individuals seeking to do business with the firm. This is not only to comply with current regulations intended to ensure that D&D and its employees avoid conflicts of interest, but also to limit the gifts or entertainment which is permitted.

All supervised persons at D&D must acknowledge the terms of the Code of Ethics annually or with any substantial amendments. Copies of the D&D Code of Ethics are available to Clients and prospective Clients upon request.

Client Transactions and Personal Trading

The Code of Ethics states that the Advisor's employees and related persons must act in the best interest of Clients and avoid engaging in business activities, including personal investments that create or appear to create a conflict of interest between D&D and its Clients. Subject to satisfying this policy and applicable laws, officers, directors, and employees of D&D can trade for their own accounts in securities which are recommended to and/or purchased for D&D's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interest of the employees of D&D will not interfere with (i) making decisions in the best interest of Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Code is intended to reasonably prevent and detect conflicts or potential conflicts of interest. Nonetheless, because the Code of Ethics permits employees to invest in the same securities as Clients, there is a possibility that employees could benefit from market activity by a Client in a security held by an employee. This may particularly be true if an employee is transacting in the same securities as Clients around the same time as Clients. Although the Firm has determined that these situations would not materially interfere with the best interest of D&D's Clients, employee trading is continually monitored. The CCO periodically reviews employee trade confirms to monitor and prevent trading improprieties, such as cherry picking, front running and insider trading.

Transactions on behalf of Clients always take priority over transactions for D&D employees. Employees are expected to avoid making personal transactions in securities while client trading is in effect or imminently contemplated. Furthermore, all employees are required to receive preapproval from the

CCO or his or her designee on security transactions made in which the individual has control and a beneficial interest, with the exception of fixed income security transactions worth less than \$10,000, which do not require preapproval under our de minimis rule. Employee equity trades will not be approved for trading prior to the last hour of the trading day and only after the CCO, or his or her designee, has consulted with the Trading Desk on the status of any client trading in that particular security. This is done in an effort to minimize the chance of employee trades occurring before a client trade in the same security in the same day.

In some cases, D&D's employees manage accounts at the Firm (acting as a D&D employee) in which the portfolio manager has control and a beneficial interest. In an effort to help further mitigate any potential or perceived conflicts between Client accounts and accounts where a D&D portfolio manager (acting as a D&D employee) manages an account in which he or she has control and a beneficial interest, D&D has put additional procedures in place. Trades for the latter will be transacted separately and subordinated to transactions effected for the Firm's Clients, as well as follow all other preapproval policies and procedures.

Regardless of these policies and procedures, employee trades may receive a better execution price, regardless of when the trade took place in relation to the Client trade, given circumstances out of the Firm's control such as market action, macro events, security specific events, trading venues, market fragmentation, etc. Furthermore, despite the precautions we have put in place, market conditions, cash flows or other unforeseen situations may arise that would cause a portfolio manager to place a trade that would result in a client trade taking place after an employee trade. Although the Firm has determined that these situations would not materially interfere with the best interest of D&D's Clients, employee trading is continually monitored.

Under the Code, transactions in securities that fall under the "reportable securities" exceptions of Rule 204A-1 have been designated as exempt transactions. The Firm also has specific requirements and policies in place for employee short-term trading, short sales, and derivative trades. Any exception to the personal trading policies at the Firm requires a documented analysis as well as preapproval from Compliance and the Firm's Management Operating Committee. Employees are required to report their personal securities transactions and holdings on an initial and ongoing basis.

As a policy, D&D does not invest Client assets in the stock or debt of any corporation for which a D&D employee or related person serves as an officer or director. However, if a Client holds the security prior to D&D's management, D&D would not have affected the purchase and will accept the position as an accommodation to the Client. For more information, please refer to *Item 10 - Other Financial Industry Activities and Affiliations*.

Proprietary Account

D&D maintains one proprietary trading account. The purpose of this account is to attempt to obtain a higher yield on a portion of the Firm's cash balance that, depending on market conditions, may not otherwise be achieved in the Firm's traditional bank account (e.g., investments such as Treasury Bills that can generate more income are not available for investment in a traditional bank account). The

investments in this proprietary account are limited to those securities that fall under the “reportable securities” exceptions of Rule 204A-1. Trades in this account are never included with client orders. The brokerage firm and custodian on this account is not a related party. The CCO is named as an interested party on the account and receives duplicate trade confirms and statements for this account. The CCO periodically reviews trade allocations to monitor and prevent trading improprieties, such as cherry picking, front running and insider trading. Proprietary accounts must never be given preferential treatment.

Principal & Agency Cross Transactions

It is D&D’s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. D&D will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the accounts of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions can arise where an adviser usually registered as a broker-dealer or has an affiliated broker-dealer. D&D is not registered as a broker-dealer nor does it have an affiliated broker-dealer.

Item 12 - Brokerage Practices

As a fiduciary, we are obligated to seek best execution for our Clients' transactions. Advisors must seek to execute securities transactions for Clients in a manner that the Client's total cost or net proceeds in each transaction is the most favorable under the circumstances. An adviser fulfills its duty of best execution by not only obtaining the best price or the lowest commission rate, but also by determining whether the transaction represents the best qualitative execution for their Clients.

Selection or Recommendation of Brokers

Where D&D has been given full discretion over accounts, we are responsible for choosing the broker-dealers used for each Client's transactions. D&D seeks to execute securities transactions for Clients in a manner such that the Client's total cost or net proceeds in each transaction is the most favorable under the particular circumstances. The crucial factor is whether a transaction represents the best qualitative execution and as such, price is not the only factor to consider. D&D considers the ability of the chosen firm to achieve executions in the most favorable manner taking into account a number of factors. In selecting the appropriate broker-dealer to execute each particular transaction, D&D considers the full range of and quality of services provided by the broker-dealer. These factors include, but are not limited to: the value of the research provided by the broker, the perceived quality of and access to analysts, reputation and perceived expertise of the broker, the broker's execution capability, customer service, financial responsibility, ability to facilitate Client requested transfers and payments to and from accounts (e.g., wire transfers and check requests if applicable), the commission rate charged by the broker, and the broker's responsiveness to D&D. Given that fixed-income markets have different characteristics than equity markets (e.g., more fragmentation, less transparency, etc.), there are times when D&D emphasizes some of the factors listed above more than others. The brokers or dealers used by D&D include those firms who also provide custodial services to D&D's Clients.

It is not necessary to maintain trade by trade evidence of the achievement of best execution. D&D will comply with all relevant Securities and Exchange Commission ("SEC") record keeping requirements.

Research and Other Soft Dollar Benefits

D&D considers the value of research and additional brokerage products and services a broker-dealer provides to our Clients and Firm when it selects broker-dealers for Client transactions. Under the safe harbor set forth in Section 28(e) of the Securities and Exchange Act of 1934, there are times when D&D pays a broker a brokerage commission in excess of that which another broker might have charged for effecting the same transactions in recognition of the receipt of these additional products and services. In essence, soft dollars mean that we use a portion of Client commissions to pay for services we have determined are beneficial to us in the management of Client accounts. Brokerage commissions generated by the trading activities of one Client are used to provide research to assist D&D in carrying out its responsibilities both for that Client account, as well as other accounts without tracing benefits to commissions generated by a particular Client account. As a fiduciary, we endeavor to always put our Clients' interests first, but Clients should be aware that the receipt of these benefits by our firm is considered to create a conflict of interest.

Research Services – Proprietary Research

Research services provided by brokers includes information on individual securities, industries, risk measurement analysis, performance analysis, economic analysis, and portfolio strategy. Research services received also come in the form of access to databases of financial information, written reports, telephone contacts, conferences, and personal meetings. D&D believes that access to independent investment research is beneficial to its investment decision-making processes and, therefore, to its Clients.

Research Services – Third-Party

Research provided by brokers includes not only proprietary research (created or developed by the broker-dealer), but also research developed by a third party. The Advisor has a soft dollar arrangement with a broker who pays a portion of the fees for a third-party research software application that provides analysis of securities and portfolios. In order to receive these benefits, the Advisor must direct transactions to the brokerage firm. This broker also provides other research services to the Advisor separate from the research developed by this third party. D&D believes that access to this third party's research is beneficial to its investment decision-making processes and, therefore, to its Clients.

Additional Costs & Conflicts

Trades placed with one broker, including trades executed under our soft dollar arrangement described above, may cause Clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. For example, D&D occasionally pays lower commissions when order size is very large, or if the trade involves a lower-priced stock (generally under \$10). Additionally, many custodians charge lower commissions if Client trades are placed directly with the custodians and not traded away (executing securities transaction directly with broker dealers that are not affiliated with the custodian). So called "trade away" transactions can result in higher commissions, markups, markdowns, spreads paid to market makers, or additional trade-away fees. These fees vary and depend on the broker the Adviser selects as well as the Client's custodian's practices. As a result, when the Adviser executes trades with broker-dealers other than the Client's custodian, these trades can be more costly to Clients than when the Adviser submits trades to the Client's custodian for execution. However, the benefits to the Advisor and its collective Clients are deemed to be greater in aggregate than the additional cost which can accompany such transactions. Most custodians require their clients to meet certain conditions, such as maintaining a particular account balance, to be eligible to trade away.

When using Client brokerage commissions to obtain research or other products or services, D&D receives a benefit because we do not have to produce or pay for the research, products, or services. Furthermore, the Firm has an incentive to select or recommend a broker-dealer based on D&D's interest in receiving the research or other products or services, rather than on our Clients' interest in receiving most favorable execution. However, all benefits received from brokerage commissions, regardless of the type of benefit, aid the Advisor and its employees in the investment decision-making process, trade execution, and/or functions performed incidental to effecting securities transactions. Moreover, D&D makes a good faith determination that the amount of commission is reasonable in relation to the value of brokerage and research services provided by the broker-dealer through ongoing broker and commission monitoring. Broker commission targets are set annually and reviewed

periodically. Any services which are partly for research and partly for administrative, marketing or other purposes outside of the safe harbor are prorated; D&D pays cash for the portion that is not research related. This allocation decision is made in good faith.

D&D receives services from several brokerage firms that include software and other technology that provide access to Client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); provide research, pricing information and other market data; facilitate payment of D&D's fees from its Clients' accounts; and assist with back-office functions, record keeping, and Client reporting. The Client account and trade related services are available to D&D regardless of the commission generated.

Brokerage for Client Referrals

D&D does not receive Client referrals from any broker-dealer or third party for the use of such services.

Directed Brokerage

The Advisor does not routinely recommend, request or require that a Client direct us to execute transactions through a specified broker-dealer. However, a Client can request that the Advisor direct brokerage to a specified broker-dealer or direct a portion of the Client's trading to the broker-dealer the Client has selected for their "commission recapture" program.

When directed brokerage is requested by the Client, either as compensation for custody services or otherwise, D&D can be limited in its ability to achieve most favorable execution of Client transactions or it can cost Clients more money. For example, D&D generally will not be able to aggregate trades with other Client accounts and/or D&D can be limited in its ability to achieve best execution and/or negotiate commissions resulting in a Client paying higher commissions or receiving less favorable pricing. This practice can prevent our firm from obtaining favorable net price and execution. Directed brokerage can have a negative impact on performance, as commissions can be higher (or lower) than those charged to our other Clients and/or executions can be at prices different from those of our Clients who do not direct us to use a specific broker or dealer.

In directing us to use a broker or dealer, you are confirming that you have evaluated the broker-dealer on your own and verified to your own satisfaction that the broker-dealer will provide you with best execution. When directing brokerage business, Clients should consider whether the commission expense, execution, clearance, and settlement capabilities that will be obtained through their broker are adequately favorable in comparison to those that we would otherwise obtain for Clients. Trades where Clients direct to particular brokers are normally executed after trades for which D&D has full brokerage discretion. Therefore, execution prices could be impacted (either positively or negatively) as a result of directing brokerage. In our sole discretion, we may trade directed accounts before a blocked trade is completely executed in cases where either the blocked order is worked over a longer period of time or if the firm deems market conditions are such that waiting would be overly detrimental to the directed brokerage clients.

D&D does not have an affiliated custodian or broker-dealer.

Block Trading/Aggregation of Trades & Trade Allocation

Individual Client trades can be (but are not required to be) aggregated or “blocked” when D&D determines this arrangement is in the Client’s best interest. Allocations of aggregated trades will not disproportionately benefit particular Clients. If an aggregated trade order is still open and new orders for the security being traded as a block trade are received by the trader, the new orders generally become a part of the existing aggregated order for that security unless, based on the Firm’s determination, the price of the security has changed so much that adding the new order to the existing aggregated order would be overly determinantal to the aggregated order. This determination is at the Firm’s discretion. As previously described, Clients with directed or designated brokerage arrangements or investment restrictions are usually precluded from participating in “blocked” trades. Non-blocked trade orders for strategy model changes will normally be placed after blocked trade orders. Therefore, execution prices could be impacted (either positively or negatively) as a result of a Client not being included in the aggregated trade order. In our sole discretion, we may trade directed accounts before a blocked trade is completely executed in cases where either the blocked order is worked over a longer period of time or if the firm deems market conditions are such that waiting would be overly detrimental to the directed brokerage clients.

The Advisor will determine the allocation of securities before the trades are entered. If D&D does not receive our full allocation, the trade will be prorated (with reasonable rounding of lots) across the Clients originally identified to participate in the trade. There are times when D&D determines that a partial fill is inappropriate for an account such as if the number of shares for a particular account would be too few to warrant the investment or if the partial allocation would result in costly per ticket brokerage charges. As a result, shares may or may not be allocated to that account until the full allocation to the account can be made. In these cases, the firm reviews the shares that have not yet been allocated after the initial pro rata calculation is completed and then attempts to allocate the remaining shares to accounts where a full allocation can be made (e.g., relatively smaller or de minimus orders). Exceptions to this policy will be documented. The traders monitor the allocation of trades throughout the day to ensure that this policy is being followed. One Client shall not be given preference over another Client for the allocation of trades on the basis of factors not driven by the appropriateness of the investment in that security under the circumstance at that time.

D&D’s Clients in our All Cap Equity strategy participate in a trade rotation procedure as it relates to strategy model changes. This is designed to provide fair treatment to our similar Clients in managed account platforms (such as SMA Wrap or UMA style platforms). D&D rotates the order in which it: 1) notifies our managed account platform clients (such as wrap or UMA type platforms) of a strategy model change; and 2) places the trades on behalf of our directly managed accounts (non-wrap or UMA-type platform) for a strategy model change. In certain instances, D&D can depart from its normal trade rotation to allow for simultaneous entry of trades. These variances from the normal trade rotation will occur at the discretion of D&D based on certain considerations including, but not limited to: liquidity of a security, size of the transaction, market volume, and time constraints. This departure is at the discretion of D&D and is designed to serve the best interest of our Clients.

Directed brokerage accounts or model platform accounts generally are not able to participate in IPO or Secondary Offerings. In the cases of IPO, Secondary Offerings, or similar, the Portfolio Managers will make the determination as to whether to add the shares to our managed account platform clients (such as wrap or UMA type platforms) in the aftermarket via a model change notification.

Error Corrections

Client accounts shall not be harmed by the occurrence of a trade error. Errors are to be corrected in a manner which puts the Client account in a position as if the error did not occur. Each custodian/broker has different policies and processes for the handling of trade errors. When possible, the Advisor will net gains against losses.

In the event that a trade error results in a profit, the Advisor does not keep the profit. Net profits are donated to a charity, either by the custodian or the Firm. The goal of error correction is to make the Client "whole", regardless of the cost to the Advisor. D&D does not maintain an error account at any broker or dealer. However, for accounting purposes, some brokers or dealers create and maintain an error account in D&D's name for their processing of debits and credits related to errors.

Generally, D&D corrects errors outside of the client's account if the error is detected in a timely manner. Since each custodian/broker has different policies and processes for the handling of trade errors, profits and losses get treated differently by each custodian/broker. For example, some offset gains against losses in error accounts, some retain de minimis (typically defined as \$100 or less) gains or bear the cost of de minimis losses, some retain all gains or bear all losses, and others donate net profits to charity. The handling of the advisers' reimbursement to the custodian/broker for losses varies as well (invoice for error, etc.). A combination of the aforementioned can also occur, dependent on the specific custodians/broker's policy. However, in any event that there is a trade error, the Advisor does not keep the profit and a client is always made whole if there is a loss. Files documenting all trade errors are maintained.

Item 13 - Review of Accounts

Frequency and Nature of Account Review

Accounts are reviewed on an ongoing basis in order to monitor the appropriateness of the portfolio holdings and the asset mix relative to the investment objectives and profile of the Client. Accounts are reviewed by portfolio managers all of whom have 20 years or more of investment experience and established relationships with the Clients.

Investment advisers are required to provide advice that is in the best interest of the Client, taking into consideration the Client's financial situation, financial sophistication, investment experience, and investment objectives. D&D's review of Client accounts and holdings assists us in fulfilling this duty. D&D performs internal reviews of accounts, both on an ad hoc and a more formal basis. On an ongoing basis, D&D's Management Oversight Committee reviews the investment strategies' adherence to guidelines, overall investment team dynamics and performance relative to benchmarks and peer groups. The portfolio managers normally meet on a weekly basis to discuss individual stocks/securities and general market conditions. Furthermore, on a quarterly basis, portfolio managers formally certify to the CCO that they have reviewed their Client's accounts and holdings guided by the obligation that advice be in the best interest of the client. This attestation also includes a certification that portfolios are in compliance with any investment guidelines or restrictions that a Client has provided. Additional account reviews are possible if triggered by a specific Client, if there is a change in Client goals and objectives, if there is an imbalance in a portfolio asset allocation, or due to market/economic conditions.

D&D recognizes that the needs and expectations of a typical private Client account tend to be different than an institutional Client and therefore often require a more customized approach to account management. Furthermore, we are mindful of balancing our portfolio managers' ability to provide quality results and client service with the growth of our business and number of accounts. Although D&D does not track the time a portfolio manager spends on each individual account, D&D does periodically assess whether a portfolio manager has adequate time and resources to effectively manage his or her accounts.

Client Reporting

The Advisor sends out reports to Clients on a quarterly basis or as requested by the Client. Reports typically include portfolio statements, letters from portfolio managers, and bills with detailed rates. Clients should also receive at least quarterly statements from their account custodian, which outlines the Client's current positions and current market value. Portfolio managers are willing to meet with Clients at least annually.

Reports are generally paper reports sent via mail, unless the Client has requested to receive such reports via email. Information or reports that are sent via email can contain personal or private data or information. Despite the reasonable precautions D&D has taken to ensure the integrity, confidentiality, and security of this information, email transmission is not a completely stable environment and could result in delivery failure, interception by unauthorized parties, or delivery to incorrect addresses, even if

addressed correctly. These risks exist despite the precautions D&D has taken to ensure the integrity, confidentiality, and security of this information as well as the precautions we have taken to prevent tampering or other misuse. Clients can contact us at any time if they no longer wish to receive information or reports via email transmission.

Item 14 - Client Referrals and Other Compensation

The Advisor does not receive an economic benefit from anyone other than Clients for providing investment advice or other advisory services to its Clients.

At D&D's expense, we pay some of our employees for Client referrals as part of their compensation. This compensation is based upon asset size and not based upon recommending one strategy over another.

Item 15 - Custody

The Advisor does not maintain custody of any Client assets. We are deemed to have a limited form of custody of Client funds or securities in cases where D&D has Client authorization to deduct advisory fees from Client accounts. D&D relies on safeguards in these situations, including the fact that accounts are maintained with unaffiliated qualified custodians. D&D does not have an affiliated custodian or broker-dealer, nor does it accept cash or securities for deposit. We have procedures in place to direct employees regarding the inadvertent receipt of any Client funds or securities.

While we provide our Clients with quarterly statements of their account status and performance, we urge our Clients to compare the information contained in the statements we provide with the information that each Client receives from the custodian of their accounts. Clients should notify D&D if they are not receiving at least quarterly statements from their custodians.

Valuation Information

There can be pricing differences between the values reported by the custodian and those values D&D obtains. D&D utilizes qualified custodians or independent pricing services for valuation information. Clients are urged to compare the account statements they receive from the qualified custodian with the account statements they receive from D&D.

For purposes of fee and performance calculations, we utilize our portfolio accounting system values and not the custodians unless we are directed otherwise in writing. There can be pricing differences between the values reported by the custodian and those values D&D obtains. D&D utilizes qualified custodians or independent pricing services for valuation information based on the pricing hierarchy established in our portfolio management accounting. It is important that our Clients notify their custodian or D&D if they do not receive statements directly from their custodian at least quarterly. Our Clients' custodians are the official record-keeper for capital gain and loss information used for tax reporting. Any D&D gain/loss reports are provided for convenience and as a guide only.

Item 16 - Investment Discretion

The Advisor and Clients execute an investment management agreement that stipulates D&D's authority to invest the assets of Clients on a discretionary basis. Unless Clients provide restrictions or directions on certain securities and/or sectors, the portfolio manager selects securities that he or she has identified as being in the best interest of the Client. Clients are asked annually in writing to notify us promptly if their financial situation, investment objectives, goals or restrictions have changed.

Item 17 - Voting Client Securities

Proxy Voting

D&D does not routinely vote proxies for Clients, who should expect to receive proxies or other solicitations directly from their custodian or transfer agent. Clients can contact the Advisor regarding questions about a particular solicitation if they wish.

On an exception basis, the Advisor has agreed to vote proxies for Clients who have requested such a service. The investment agreement (or similar agreement with the client) will indicate if we have agreed to vote proxies. An independent, third party has been secured to assist in the research, voting, administration, reporting, and record keeping. It is the policy of D&D to seek to maximize shareholder value and protect shareowner interests when voting proxies on behalf of its clients. The Advisor seeks to achieve this goal by utilizing a set of proxy voting guidelines ("Guidelines") that are maintained and implemented by an independent service, Institutional Shareholder Services ("ISS"). Final voting decisions are based on a pre-established set of policy guidelines and the recommendations of ISS which makes its recommendations based on independent, objective analysis of the economic interests of shareholders.

Proxy Voting Guidelines

The Guidelines are an extensive list of common proxy voting issues with recommended voting actions based on the overall goal of achieving maximum shareholder value and protection of shareholder interests. Topics contained in the Guidelines include, but are not limited to:

- Board of Directors - considering factors such as director independence, composition, responsiveness, and accountability.
- Auditor Services - considering factors such as indemnification, independence, non-audit services and reputation of the auditing firm.
- Shareholder Rights & Defenses - considering factors such as advance notice, shareholder consent provisions, shareholder rights (including poison pills), and voting plans.
- Capital/Restructuring - considering factors such as common stock authorization, stock distributions, mergers, acquisitions, and restructuring.
- Executive and Director Compensation – considering factors such as performance, equity-based incentive plans, and other compensation practices.
- Routine/Miscellaneous Governance Issues - considering factors such as equal access and special meetings.
- Social & Environmental Issues – considering factors such as consumer and product safety, environment and energy, labor standards and human rights, workplace and board diversity, and corporate political issues.
- Mutual Fund Proxy Voting - considering factors such as election of directors and proxy contests

A full description of each Guideline and voting policy is maintained by D&D. ***A complete copy of the Guidelines is available upon request.***

Proxy Voting Committee

D&D's Proxy Voting Committee (the "Committee" or "PVC") provides guidance with respect to all significant aspects of the Firm's proxy voting policies and procedures. The Committee meets formally or informally as appropriate, but generally will meet officially once a year to approve proxy policies and procedures. The Committee convenes to complete an assessment and approval of the third-party Proxy Advisor's recommendations, policies, methodologies, and services as well as D&D's Proxy Voting Policies & Procedures.

D&D's proxy voting remains subject to the PVC's continuing oversight. Ad hoc meeting may be called as necessary.

Consistent Voting

Proxies will be voted consistently on the same matter when securities of an issuer are held by multiple client accounts unless there are special circumstances. Special circumstances include when a client has stipulated specific proxy voting guidelines (e.g., Taft Hartley ISS Guidelines or other custom proxy guidelines).

Automated & Prepopulated Voting

D&D uses prepopulated and automated voting in an effort to streamline the ballot voting process on standard agenda items. These terms are often used to refer to the technology that assists in the mechanics of the proxy voting process. Essentially this means that the voting service is configured to automatically submit ballots electronically in accordance with standard proxy voting guidelines that have already been reviewed and approved by the PVC, unless overridden by D&D. The use of pre-population occurs before the submission deadline for proxies to be voted at a shareholder meeting.

D&D has implemented additional workflow alerts in order to evaluate pre-populated votes queued on the proxy advisor's electronic voting platform. This is done in order to consider additional information that is filed from the issuer sufficiently in advance of the submission deadline that could reasonably be expected to affect D&D's voting determination. In the event new material public information becomes available or if ISS finds that a report contains a material error, ISS issues a Proxy Alert to inform clients of any corrections and, if necessary, any resulting changes in the vote recommendations. D&D is setup to receive these alerts, along with other proxy oversight alerts. Even if a vote has been cast prior to receiving a Proxy Alert, D&D still has the ability to cancel and change a vote at any time before the meeting cut-off date, if D&D determines that such a change is warranted by the new information. This is done as part of our due diligence into matters on which we vote and to help support our effort in making voting determinations in a client's best interest.

Proxy Advisors & Non-Public Information

D&D has reviewed its relationship with ISS as it relates to restrictions on ISS' ability to use non-public information in a manner that is contrary to the best interest of D&D's client. As a matter of policy, ISS has assured D&D that it does not use non-public information for anything that is not specified by ISS clients. ISS is a registered investment advisor under the Advisors Act and its publicly available Code of

Conduct addresses confidential information such as client lists, client holdings, client voting intentions, and client proxy votes.

Additional Analysis

While recommendations proposed are almost always used, the Adviser has the ability to override the Guideline recommendation. If the PVC determines that certain types of matters (e.g., highly controversial subjects or the Guidelines do not address the issue) require a more detailed analysis, the PVC will convene and evaluate decisions on such matters, ensuring that votes are cast in a way it believes are in the Client's best interest. At all times, voting for a Client is documented and reasons are provided for not following a recommendation.

Securities Class Actions

An independent, third party has been secured to provide class action litigation monitoring and securities claim filing services for holdings that Clients have acquired through D&D's investment management. Clients must opt in for this service. The third party charges a contingency fee for this service which is subtracted from any award settlement the Client receives. D&D does not derive any compensation for the services provided by the third-party provider.

Item 18 - Financial Information

The Advisor is not aware of any aspect of its financial condition that is reasonably likely to impair the Advisor's ability to meet contractual commitments to its Clients.