



**Part 2A of Form ADV Firm Brochure  
Betterment Third Party Asset Management Program**

March 22, 2022

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**dba Trek Financial**  
SEC File No. 801-58087

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This brochure provides information about the qualifications and business practices of Trek Financial. If you have any questions about the contents of this brochure, please contact us at 480-483-1510. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Trek Financial is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. The following is a description of material changes made from the previous 2A that is dated July 26, 2021.

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## **Item 4: Advisory Business**

### **A. Ownership/Advisory History**

Trek Financial, LLC dba Trek Financial ("Trek" and/or the "firm") is a privately held, employee owned, independent registered investment advisory firm registered with the United States Securities and Exchange Commission ("SEC") since January 1996. The principals of the firm are Justin Young, Chief Executive Officer; Ben Bimson, Chief Investment Officer; and Stephen Captain, Vice President.

### **B. Advisory Services Offered**

#### **Investment Management Services**

Trek provides portfolio management services through Betterment LLC, using an automated, online investment management platform for use by independent investment advisors. Through this Third Party Asset Management Program ("TAMP"), we offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at Betterment Securities, registered broker-dealer. We are independent of and not owned by, affiliated with, or sponsored or supervised by Betterment LLC, Betterment Securities, or their affiliates (together, "Betterment"). The Program is described in the Betterment Disclosure Brochure (the "Program Disclosure Brochure"), which is delivered to clients by Betterment during the online enrollment process.

We, and not Betterment, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Betterment is not responsible, for determining the appropriateness of the Program for the client, assisting the client in choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and assisting the client in managing that portfolio on an ongoing basis. Betterment's role is limited to delivering the Program Disclosure Brochure to clients and administering the Program so that it operates as described in the Program Disclosure Brochure.

We have contracted with Betterment to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is less or more conservative or aggressive than the recommended portfolio, but the client will make the final decision in selecting a portfolio based on all the information provided by the client. The client has the ability to reallocate assets or select other portfolios on a self-directed basis or in consultation with their adviser. The System also includes an automated investment engine through which we manage the client's portfolio

on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

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

Trek may refer clients to the Betterment wrap fee program. While Trek does not sponsor a wrap fee program, it may recommend third-party wrap fee programs depending on the needs of a particular client. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

As of December 31, 2021, Trek manages \$1.733 billion of discretionary assets, which includes \$1.079 million of Betterment program assets.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### Investment Management Services Fees

Portfolio management services are charged an asset-based fee calculated as a percentage of the value of the assets being managed through the Betterment TAMP. Trek charges 50 bps (0.50%) on the value of portfolio assets under supervision and Betterment charges 25 bps (0.25%) on the value of the assets on the Betterment platform.

Annual Rate		
Trek	Betterment	"All-in"
0.50%	0.25%	0.75%

Asset-based fees are always subject to the investment advisory agreement between the client and Trek. Such fees are payable quarterly in arrears.

### B. Client Payment of Fees

Trek requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Trek will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be canceled by either party upon 30 days' prior written notice. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### C. Additional Client Fees Charged

All fees paid for investment management services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and

mutual fund's prospectus, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Trek may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

#### **D. External Compensation for the Sale of Securities to Clients**

Trek's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Trek's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Investment adviser representatives, in their capacity as a registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer. Please see Item 10.C. for detailed information and conflicts of interest.

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

Trek does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.



## **Item 7: Types of Clients**

Trek provides, or has the capability to provide, investment advisory services to a variety of clients, including individuals, high net worth individuals, pension and profit sharing trusts, Taft-Hartley plans, foundations, charitable organizations, and other "institutional clients".

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

### **A. Methods of Analysis and Investment Strategies**

#### **Our Philosophy**

Our general philosophy regarding investment strategies and risk is built around a goal-based approach and that our primary value offer is helping clients accomplish the goals that are important to them without taking unnecessary risk. This approach is in sharp contrast to the traditional investment approach of maximizing risk to maximize return and a value offer of relative returns to an artificial benchmark. In a goal-based model, the relative returns to an artificial benchmark approach is an inadequate measure of success, primarily because it is possible to create returns in excess of the benchmark each and every year and still not meet a client's retirement goal. To that end, we don't believe there is only "one way" to manage assets. We realize that different time periods may call for different investment approaches to accomplish a specific client goal. These time periods and different investment approaches relate to secular or long-term trends in the investment markets and the cyclical or short-term trends that occur within the longer-term trend. What this means is that we will work with clients to determine the specific uses or goals for the portfolio and develop an investment strategy specific to each goal; that considers the client's priorities attached to each goal and that looks to take only the risk necessary to meet the goal.

#### **Forward Looking Portfolio Construction**

Decisions about movements along the portfolio strategy spectrum will have a major impact on your long-term investment results. Although we measure and back test with historical data, we are forward-looking in our views, incorporating macro trends with returns, risks and correlations to construct the recommended portfolios.

Each advisor then works with their clients to get agreement on the final investment strategy and portfolio recommendations.

#### **Method of Analysis**

Our analysis methodology would be considered a blend of fundamental and technical analysis. At times, manager selection can add appreciably to returns, particularly in secular bear environments. We pay close attention to the portfolio construction process. Using a disciplined process of quantitative and qualitative metrics, we select the blend of investments and managers that "play well together" in the context of overall portfolio interactions that produce a match for client's needs and risk tolerance.

Our security selection and monitoring process starts with a quantitative screening to determine an asset allocation based on market fundamentals and macroeconomic conditions. Trend and macroeconomic analysis are used to determine exposure to certain asset classes. Once the list of securities is limited to a workable number of candidates, additional quantitative analysis, particularly looking at levels of risk, as well as third party reviews and analysis, is conducted to come to a recommendation.

Trek uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual fund companies, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

### **Risk Management**

Risk management is a vital component of our investment process. Risk management is part of every decision and recommendation that we make. Although our overall approach is of taking only necessary risk, investing in securities involves risk of loss that each client should be prepared to bear.

### **Recommendation of Portfolios**

Trek will assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio.

A description of the criteria to be used in formulating an investment recommendation for model portfolios is set forth below.

Trek may utilize additional independent third parties to assist it in recommending portfolios.

Trek reviews certain quantitative and qualitative criteria related to the portfolio and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Trek will regularly review the activities of the portfolios selected by the client. Clients that engage managers or who invest in the portfolios should review and understand the disclosure documents of those portfolios, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

### **Risk of Loss**

The securities in the portfolios typically include ETFs, stocks, corporate and municipal bonds, and other assets, all of which are subject to some or all of the following risk factors:

- **ETF Risk:** The risk of owning ETFs reflects their underlying securities (e.g., stocks, bonds, etc.). These forms of securities typically carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances. For this TAMP portfolio program, Trek employs a passively-managed portfolio strategy. The investment strategy for a specific client is based upon the objectives stated by the client during consultations, and on their risk profile. The client may change these objectives at any time and should notify Trek immediately of these changes.

## **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

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

### **B. Futures or Commodity Registration**

Neither Trek nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **Registration with unaffiliated Registered Investment Advisor**

Trek related persons (investment advisor representatives) may also be individual advisory representatives of other registered investment advisory firms. Please refer to the ADV Part 2B brochure supplement regarding your advisor if he / she is a registered representative or a dually registered investment advisor representative.

#### **Insurance Sales**

Certain managers, members, and registered employees of Trek are licensed insurance agents. With respect to the provision of financial planning services, Trek professionals may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that Trek strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that are sold through a broker-dealer.

#### **Trek Financial Group**

Trek Capital Management, LLC has a related firm, Trek Financial Group, LLC ("TrekFG"), which is an insurance agency allowing for sales of fixed insurance products. Trek professionals may recommend insurance products offered through its affiliate and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Also be advised that Trek professionals strive to put their clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Trek has adopted policies and procedures designed to detect and prevent insider trading. In addition, Trek has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Trek's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Trek. Trek will send clients a copy of its Code of Ethics upon written request.

Trek has policies and procedures in place to ensure that the interests of its clients are given preference over those of Trek, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Trek does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Trek does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest**

Trek, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Trek specifically prohibits. Trek has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Trek's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Trek, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Trek clients. Trek will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Trek to place the clients' interests above those of Trek and its employees.



## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Broker-Dealers for Client Transactions**

#### **Custodian Recommendations**

For clients participating in the Betterment TAMP, MTG, LLC dba Betterment Securities ("Betterment Securities"), a registered broker-dealer, member SIPC, will be the qualified custodian for client accounts using Betterment LLC and/or Betterment Institutional. Clients will open the account with Betterment Securities by entering into an account agreement directly with them. While we do not open the account for you, we may assist you in doing so. Trek is independently owned and operated and not affiliated with Betterment.

#### **Client's Custody and Brokerage Costs**

For client accounts that Betterment Securities maintains, Betterment Securities generally does not charge separately for custody services. It is instead compensated as part of the Betterment Institutional platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. Trek has determined that having Betterment Securities execute trades is consistent with its duty to seek "best execution" of trades (see above).

#### **Soft Dollar Arrangements**

While Trek has no formal soft dollars program in which soft dollars are used to pay for third party services, Trek may receive research, products, or other services from its broker/dealer in connection with client securities transactions ("soft dollar benefits") consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. Trek benefits by not having to produce or pay for the research, products or services, and Trek will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that Trek's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### **Institutional Trading and Custody Services**

Betterment Securities serves as broker-dealer to Betterment Institutional, an investment and advice platform serving independent investment advisory firms. Betterment Institutional also offers available various support services, which may not be available to its retail customers. Some of those services help Trek manage or administer client accounts, while others help us manage and grow our business. Betterment Institutional's support services are generally available on an unsolicited basis (Trek does not have to request these services) and at no additional charge to Trek.

### **Other Products and Services**

Betterment Institutional also makes available to Trek other products and services that benefit Trek but may not directly benefit the client or client accounts. These products and services assist Trek in managing and administering client accounts, such as software and technology that may:

- Assist with back-office functions, recordkeeping, and client reporting of our accounts.
- Provide access to client account data (such as duplicate trade confirmations and account statements).
- Provide pricing and other market data.
- Assist with back-office functions, recordkeeping, and client reporting.

The custodian may also provide other benefits such as educational events or occasional business entertainment of Trek personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Trek may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

### **The Firm's Interest in Custodian's Services**

The availability of these services from Betterment Institutional benefits Trek because we do not have to produce or purchase them. In addition, Trek does not have to pay an additional fee for Betterment Securities' services, although these services may be contingent upon Trek committing a certain amount of assets to Betterment Securities for custody.

Trek has an incentive to have clients maintain their accounts with Betterment Securities based on Trek's interest in receiving Betterment Institutional's and Betterment Securities' services that benefit our business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. However, the availability to us of Betterment Institutional's and Betterment Securities' products and services is not based on Trek giving particular investment advice, such as buying particular securities for its clients. Moreover, Trek believes that use of Betterment Securities as custodian and broker-dealer is in the clients' best interests and consistent with Trek's fiduciary duty. Trek's selection of Betterment Securities is primarily supported by the scope, quality, and price of services (described above) rather than Betterment Institutional's and Betterment Securities' services that benefit Trek directly.

As part of its fiduciary duties to clients, Trek endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Trek or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Trek's recommendation of broker-dealers for custody and brokerage services.

## **B. Aggregating Securities Transactions for Client Accounts**

### **Best Execution**

In light of the nature of Trek's arrangement with Betterment, it is believed "best execution" review obligations with regard to client transactions are not required under current industry guidelines.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Our internal procedures generally require at least an annual review of accounts and updates of any factors that may impact the investment or investment strategies for our investment management clients. However, in practice our advisors work with each client to determine the review schedule that they are most comfortable with, which may result in a review schedule that meets more often than annually or that exceeds the general annual review guideline.

Review of Portfolios -. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables, such as the client's individual circumstances, or the market, political, or economic environment. These accounts are reviewed by the assigned investment advisor or the investment committee and compliance teams.

### **B. Review of Client Accounts on Non-Periodic Basis**

Trek may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Trek formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

You will receive statements from the custodian/broker-dealer at least quarterly. These statements identify your current investment holdings, the cost of each of those investments, and their current market values. If agreed upon, you will also receive reports that provide detailed performance measurement and other data relating to your individual holdings in an investment portfolio.

We urge clients to compare the account statements that they receive from their account custodian with the statements that they receive from Trek. In the event of discrepancies, the statement from the custodian will be the official record.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Trek receives remuneration from advisers, investment managers, or other service providers that it recommends to clients. Clients are under no obligation to use any third-party provider recommended by Trek and may use the provider of their choice. With respect to its investment management services, Trek may engage third-party investment managers to manage Trek client accounts. The third-party managers may receive a portion of the advisory fees charged by Trek for investment management services.

### **B. Advisory Firm Payments for Client Referrals**

Trek may enter into agreements with solicitors who will refer prospective advisory clients to Trek in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements SEC: of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Trek. The solicitor must provide the client with a disclosure document describing the fees it receives from Trek, whether those fees represent an increase in fees that Trek would otherwise charge the client, and whether an affiliation exists between Trek and the solicitor.

## Item 15: Custody

Trek is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Trek with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Trek will exercise full discretion as to the selection of portfolios.

## **Item 17: Voting Client Securities**

Trek does not take discretion with respect to voting proxies on behalf of its clients. Except as required by applicable law, Trek will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Trek has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Trek also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Trek has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Trek receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.



## **Item 18: Financial Information**

### **A. Balance Sheet**

Trek does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Trek does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.