



# EXCALIBUR MANAGEMENT

PRIVATE INVESTMENT COUNSEL SINCE 1979

## Form ADV Part 2A Investment Adviser Brochure

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This brochure provides information about the qualifications and business practices of Excalibur Management Corporation (“Excalibur”). If you have any questions about the contents of this brochure, please contact Marc H. Ohler, Managing Director and Chief Compliance Officer, at (617) 916-9669 or [marc.ohler@excalmgt.com](mailto:marc.ohler@excalmgt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Excalibur Management Corporation (“Excalibur”) is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that use of the term “registered investment advisor” and a description of Excalibur and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure, and a Brochure Supplement, Form ADV Part 2B, for each of the Firm’s associates who advises you, for more information on the qualifications of the Firm and our associates and employees.

## **Item 2: Summary of Material Changes**

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### **Annual Update**

In this Item of Excalibur's (the "Firm," "we," "us," "ours") Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated March 19, 2021.

### **Material Changes since the Last Update**

Since the last Annual Amendment, there have been no material changes to report.

### **Full Brochure Available**

Our Form ADV may be requested at any time, without charge, by contacting Marc H. Ohler, Managing Director and Chief Compliance Officer, at (617) 916-9669 or [marc.ohler@excalmgt.com](mailto:marc.ohler@excalmgt.com).

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

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## Item 4: Advisory Business

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### **Information about the Firm**

We are an independent and privately-owned registered investment advisor founded in Boston in 1979. Our sole business is serving high-net-worth individuals and families of substantial wealth, as well as foundations, business entities, and endowments. Excalibur's team of seasoned investment management and wealth planning specialists gives each client customized strategies and solutions for preserving and growing their irreplaceable assets. Our principal owners are Michael W. Delduchetto and Marc H. Ohler.

### **Advisory Services**

#### **Investment Management Services**

We believe our primary investment criterion is the safety of each client's irreplaceable assets while maximizing risk-adjusted returns over a multi-year horizon.

Excalibur's disciplined investing style employs a consistent and rigorous analytical work ethic where equal amounts of time are spent on risk assessment as well as return.

Many clients utilize our investment experience to help develop, plan and implement prudent investment strategies across assets that we both manage and those that we do not manage. These services often include tax-efficient investing, strategic gifting, concentrated asset strategies, risk management, and cash flow analysis. We are accustomed to working with clients' other service providers including other asset managers, financial planners, trustees, lawyers, and accountants.

We develop a specifically tailored investment strategy for each individual client and portfolio through a rigorous analysis of the client's financial needs and appropriate risk profile. Factors considered include the level of investment assets, current asset allocation, liquidity of investment and other assets, investment time horizon, asset concentration, cash flow needs, income level, employment situation, contingent assets, risk tolerance, and tax situation. An initial asset allocation and investment strategy is developed from this review and analysis. We continually monitor the investment strategy along with the client's broader evolving financial situation so that adjustments can be made in the context of a constantly changing capital markets environment.

We offer expertise for client investment management accounts as follows:

- Customized Multi-Asset portfolios utilizing our macro-economic research, and equity and fixed income analytics to produce diversified high-quality portfolios tailored to each client's individual needs.
- Custom Equity Investing in mainly mid and large-capitalization companies.

- Custom Fixed Income investing in corporate, municipal and government bonds, and cash/liquidity management strategies.

We may offer management and counsel on U.S. equity (common and preferred stocks), international equities, American depository receipts, debt securities of the U.S. government and its agencies, municipal bonds, corporate bonds, floating rate and variable rate obligations, inflation-protected debt securities, structured notes, exchange traded funds and notes (ETFs/ETNs), derivatives, hedge strategies, option strategies, private equity analysis, oil & gas limited partnerships, and family business ownership.

While we do not seek to invest in mutual funds for discretionary managed accounts, some clients may hold mutual funds in their accounts as a legacy inherited asset or as part of a non-discretionary account that we manage. We may also help select other independent managers for clients upon request. These assets are typically held as part of a client's non-discretionary account.

### **Integrated Financial Planning Services**

As clients request, we will provide advice in the form of a written financial plan and through ongoing execution and monitoring of the plan. We gather required information through in-depth personal interviews. Meetings are expected to be held on a regular basis. Each meeting will focus, as necessary, on retirement planning, investments, estate planning, and insurance needs. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including tax returns, current financial specifics (i.e., W2s or 1099s), information on current retirement plans, insurance information, mortgage information, insurance policies, statements reflecting current investments in the client's retirement and non-retirement accounts, copies of wills and trusts, as well as any other document that may be deemed pertinent by us.

Upon receipt of such documents, we will review the client's current financial situation and make recommendations based on the client's current situation, financial expectations, investment objectives, risk tolerances and investment time horizon. A written financial plan will then be prepared and presented to the client along with an outline of suggestions to improve the client's current financial situation together with suggested steps to help the client reach their investment goals.

In general, the written financial plan will address any or all of the following areas of concern:

*Personal:* Family records, budgeting, personal liability, estate information and financial goals.

*Tax & Cash Flow:* Income tax and spending analysis and planning for past, current and future years. We will illustrate the impact of various investments on a client's current income tax and future tax liability.

*Death & Disability:* Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

*Retirement:* Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

*Investments:* Analysis of investment alternatives and their effect on a client's portfolio.

Implementation of financial plan recommendations is entirely at the client's discretion. Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. In performing our services, we will not be required to verify any information received from the client or from the client's other professionals, and we are expressly authorized to rely thereon. If requested by the client, we may recommend the services of other professionals for implementation services. The client is under no obligation to engage the services of any such recommended professional.

As part of the integrated financial planning services that we offer, a client may also opt to have us provide asset allocation and portfolio monitoring services. At a client's request investments chosen can be mutual funds offered by a selection of mutual fund families. These mutual funds will be purchased on a "no-load" or "load-waived" basis or exchange-traded funds (ETFs).

As part of the integrated financial planning services that we offer, a client may also opt to have us provide money manager search and monitoring services. A selection of managed account programs is also available through our relationships with outside money managers. The programs and fees will be described in detail in the individual money manager's Form ADV Part 2 and related schedules. The management fee charged by the money manager recommended to the client is separate from the fee charged by us and is disclosed in the money manager's disclosure document (Form ADV Part 2).

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, reviewing a client's existing portfolio, or any other specific topic. Additionally, we provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

#### **Individual Advice; Restrictions on Investing**

The core of our business is the creation and management of customized multi-asset and high-quality custom portfolios. Each portfolio is customized according to client-specific objectives and is managed by our team of portfolio managers. We are experienced in handling the distinct needs of high-net-worth individuals, complex families, trusts, foundations, and endowments.

Clients may impose restrictions on investing in certain industry sectors and types of securities purchased. Such restrictions must be provided to us in writing.

**Fiduciary Statement**

Excalibur and our employees are fiduciaries who must take into consideration the best interests of our clients. We will act with competence, dignity, integrity, and in an ethical manner, when dealing with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

As a fiduciary, we have the obligation to deal fairly with our clients. We have the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

**Wrap Fee Programs**

Excalibur does not sponsor or recommend Wrap Fee Programs.

**Assets Under Management**

As of December 31, 2021, Excalibur has \$571,985,553 of regulatory assets under management. Of these, \$562,348,023 are managed on a discretionary basis and \$9,637,530 are managed on a non-discretionary basis.

## **Item 5: Fees and Compensation**

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### **Investment Management Services**

We offer discretionary investment management and advisory services for a percentage of assets under management and/or on a fixed fee basis. We do not sell investment products, and our only source of income are fees paid by clients.

Our fees for investment management and advisory services range up to 1.0% (100 basis points) annually of account market value, including cash, as determined by the custodian, billed quarterly in arrears.

Clients choose whether to have their fees deducted from accounts custodied with qualified custodians or to be billed directly.

### **Integrated Financial Planning Services**

Clients will pay a fixed fee based on the nature and complexity of each client's individual circumstances. We do not maintain a standardized fee schedule for these additional services. All terms, including the additional services to be rendered, the fee for such services, the method(s) of payment and termination provisions, are negotiated on a client-by-client basis. Details of the fee charged for these additional services are more fully described in the advisory agreement entered into with each client.

### **Termination**

A client agreement may be canceled at any *time*, by either party, for any reason upon receipt of written notice. Upon termination of any account, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Accounts initiated or terminated during a calendar quarter may be charged a prorated fee. Upon termination of an account, any earned, unpaid fees will be due and payable.

### **Cash Balances**

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, i.e., money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon.

### **General Information on Compensation**

In certain circumstances, all fees and account minimums may be negotiable. Our fees may be negotiable based on various criteria, including, but not limited to the size of the aggregate



related party portfolio size and pre-existing relationships with clients. Compensation will ultimately be based on the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

Related accounts may be linked for purposes of fee calculation if all parties agree; meaning certain accounts, approved by us, may be grouped for fee calculations.

In addition to our investment advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transaction for the client's account(s).

Clients that hold mutual funds, exchange traded funds, or closed-end funds will incur the expenses of the fund as if they owned these assets outside of their account with us. In cases where we charge an advisory fee on mutual fund assets or ETF's, the client is, in effect, paying two management fees, one to us and one to the fund's advisor.

Fees are not charged based on the capital gains or the capital appreciation of any funds or any part of any funds of any client in a manner prohibited by the Investment Advisors Act of 1940.

For clients with assets that are managed by an independent money manager that we help select, the fee for those services will be separately agreed to by the client and will be outlined in the independent money manager's specific investment agreement. Excalibur does not share in any fees charged by any independent money managers.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

#### **Other Compensation**

Neither we nor any of our employees accept compensation for the sale of securities.

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

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“Performance-based fees” are fees based on the capital gains or capital appreciation in an account. We do not charge performance-based fees. “Side-by-side management” refers to the practice of managing accounts that are charged a performance-based fee and accounts that are charged other types of fees, such as asset-based fees and hourly fees. Because we do not charge performance-based fees, we do not engage in side-by-side management.

## Item 7: Types of Clients

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We provide investment management and strategic wealth management services to a wide range of clients. Our clients include high-net-worth individuals, individuals, and families, trusts: revocable and irrevocable, family limited partnerships, estates, charitable organizations, closely held business entities, not-for-profit entities, including foundations, retirement and profit-sharing plans including IRAs, Roth IRAs, and SEP IRAs.

### **Account minimums**

We require a minimum net worth of \$1,000,000 for investment advisory services and financial planning services. Waivers or exceptions from the minimum may be granted at our discretion. We will group related client accounts for the purposes of achieving the minimum account size.

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

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### **Methods of Analysis**

We are a research-based company, and we utilize both “top-down” macroeconomic analysis and “bottom-up” securities analysis to identify investment and trade ideas that are likely to benefit from the projected capital markets environment. Our investment approach includes a continual analysis of monetary and economic conditions in order to identify those well-managed companies that stand to benefit from the changing environment. Every portfolio’s asset allocation is customized based on each client’s overall investment objectives. We seek to create liquidity and risk-appropriate client portfolios that are broadly diversified to maximize wealth creation and minimize volatility. Our investment approach utilizes an in-depth and on-going research process to achieve long-term risk-appropriate returns through due diligence, analysis, and tactical rebalancing. Excalibur’s client investment goals vary greatly and so do our portfolios characteristics. Every portfolio follows a well-researched, disciplined, risk & return approach to achieving each client’s goals.

We use both fundamental and technical analytical methods of security analysis and selection.

**Fundamental Analysis:** Fundamental analysis is used to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements, which may present an additional risk since the price of a security may move up or down with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** Using technical analysis, we analyze past market movements and use the analysis to recognize recurring patterns of investor behavior to predict future price movement. Technical analysis does not consider the intrinsic value of a security, which may present a risk since a poorly managed or financially unsound company may underperform regardless of market movement.

We do not use margin or leverage in client portfolios.

### **Sources of Information**

We continually seek out the best sources of information from research providers and the brokerage and investment banking community. We receive financial information directly from issuers, broker dealers, Federal Reserve Banks, the U.S. Treasury, and other federal and state government agencies including the SEC. Excalibur subscribes to several periodicals and private research services including Bloomberg, Morningstar, Briefing.com, FactSet, among others.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear; however, our investment strategies do not involve significant or unusual risks. Our rigorous investment process and analysis along with disciplined portfolio diversification are designed to reduce risk in portfolios. Equity portfolios are diversified by the number of individual holdings, and by sector, industry, and geography. Bond holdings are diversified by the number of individual holdings, and by issuer and sector. Bond allocations consist primarily of sufficiently liquid investment grade bonds.

Material risks associated with the methods of analysis and investment strategies used include actual company specific or market events that may contradict assumptions at the time a security was chosen, and/or a security's actual performance that may not follow trends previously identified in the analysis conducted. Any performance quoted represents past performance, is no guarantee of future results, and will not provide an adequate basis for evaluating the performance of the product over varying market conditions or economic cycles. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

Because some types of investments involve certain additional degrees of risk, they only will be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Excalibur's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.

**Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

## **Item 9: Disciplinary Information**

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We are required to disclose legal or disciplinary events that would be material to a client's evaluation of our ability to provide investment advisory services. Neither the Firm nor its supervised persons have ever been the subject of any criminal or civil court action, administrative proceedings by the SEC, or proceeding by a self-regulatory organization.

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

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### **Broker/Dealer, Commodities and Other**

None of our employees are registered representatives of a broker-dealer and we are not registered as a broker-dealer, have an application pending to register as a broker-dealer, or have any other affiliation with a broker-dealer.

Neither we nor any of our employees is currently or has an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading advisor.

### **Insurance and Unaffiliated Investment Advisor**

Brendan Herlihy, an employee, is an Investment Advisor Representative of Excalibur, as well as a licensed insurance agent. Brendan Herlihy is licensed to sell life and health insurance and receives separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from our investment advisory fees.

David N. Leggett and Kimberly L. Leggett are Investment Advisor Representatives of Excalibur, and owners of accounting firm, Leggett & Leggett, PC.

### **Other Investment Advisors**

As described above in Items 4 and 5, we may help select another outside investment manager for clients; however, we do not share in compensation with those advisors.



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

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### **Code of Ethics**

We have a duty to exercise our authority and responsibility for the benefit of our clients, to place the interests of our clients first, and to refrain from having outside interests that conflict with the interests of our clients. We and our employees avoid any circumstances that might adversely affect, or appear to affect, our duty of loyalty. We have adopted a Code of Ethics (the Code); the Code's key provisions include:

- Statement of general principles;
- Policy on and reporting of personal securities transactions;
- A prohibition on insider trading;
- Restrictions on the acceptance of significant gifts;
- Procedures to detect and deter misconduct and violations; and
- Requirement to maintain confidentiality of client information.

Our employees must acknowledge the terms of the Code at least annually. Any individual not in compliance with the Code may be subject to termination. We will provide a copy of our Code upon request.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

Both the Firm and our employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the Firm and its clients.

### **Participation or Interest in Client Transactions and Principal/Agency Cross Trades**

We do not recommend any securities to our clients in which we have a material financial interest. We do not affect any principal or agency cross securities transactions for client accounts. We also do not cross trades between client accounts.

## **Item 12: Brokerage Practices**

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Excalibur strives to obtain the fastest execution of client trades at the best price and at the lowest cost for the client.

### **Research and Other Soft Dollar Benefits**

We have never participated in any soft dollar arrangements, nor received soft dollar benefits.

Neither we, nor any of our employees receives any compensation or indirect benefit from selecting a broker/dealer to execute client transactions. We receive research from broker/dealers, but we do not compensate any broker/dealer directly or indirectly for this research. See disclosure below in “Brokerage – Other Economic Benefits.”

### **Brokerage for Client Referrals**

We do not receive client referrals from broker/dealers.

Excalibur does not act as a qualified custodian, and clients choose where to custody their assets. The selected institution must be a qualified custodian independent from Excalibur that permits the use of a registered investment advisor to manage their accounts.

### **Directed Brokerage**

Excalibur has a list of approved broker-dealers that it deals with in executing client trades. The factors considered in selecting brokers are as follows: philosophy in accordance with our philosophy regarding clients and investment advice, fees associated with the various types of portfolios, performance reporting capabilities, variety of portfolios available, trust service, and investment options. We review the list periodically and make changes when necessary to seek best execution for all clients.

We require clients to select a third-party bank or other financial institution to serve as the qualified custodian for their assets being managed. We have existing client relationships with many of the largest custodian institutions in the U.S., and we have the ability to accommodate client requests to work with another custodian of their choice.

In a limited number of cases, clients have requested that we use a specified broker-dealer when executing trades for their accounts only. Our practice is to notify these clients that the naming of a specific broker will most likely result in the client paying a higher transaction cost than we would be able to get for them if allowed to follow the firm’s normal transaction best practices. Such a “directed brokerage” arrangement does not create a conflict of interest between the investment advisor and the client because the client has chosen the broker and established the brokerage fee arrangement.

### **Brokerage – Best Execution**

We seek best execution when effecting transactions for client accounts. Although there is no fixed manner to determine whether a particular broker provides best execution, the following factors may be relevant:

1. Competitive fees for comparable execution and services rendered from other brokers for similar transactions
2. Access to the trading desk
3. Difficulty of order
4. Broker's distribution network
5. Willingness of broker to commit its own capital to work difficult orders, and
6. Broker's level of accuracy in executing, reporting and settling transacted orders.

### **Brokerage – Other Economic Benefits**

We may have the opportunity to receive traditional “non-cash benefits” from brokers such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing advisors exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client portfolios; ability to have investment advisory fees deducted directly from client portfolios; access to an electronic communication network for client order entry and portfolio information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and perhaps discounts on business-related products.

We may also receive general access to research and perhaps discounts on research products. Any research received is used for the benefit of all clients. As noted above, we have no written or verbal arrangements whereby we receive soft dollars. While we endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of any additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

### **Trade Aggregation**

At our sole discretion, aggregate purchases or sales of the same security, instrument or obligation may be transacted on the same day for multiple accounts of one or more of our clients. Although such aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be affected only when we believe that to do so will be in the best interest of the affected accounts. When transactions are so aggregated the actual prices applicable to the aggregation transaction will be deemed to have purchased or sold its share of the security, instrument or obligation at the average price. If a partial execution is attained at the end of the trading day, we will generally allocate shares on a pro rata basis but may fill small orders entirely before applying the pro rata allocation.

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

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### **Reviews**

Portfolios are reviewed and monitored continuously. The nature of the review focuses on the client's investment objectives and structure of the account including its asset allocation and holdings. Integral to this review are the client's risk profile, cash flow needs, tax bracket, growth objectives, other assets, etc. Reviews could also occur at the time of new deposits, material changes in client's financial information, changes in economic cycles. Reviews entail analyzing securities, sensitivity to overall markets, economic changes, investment results and asset allocation, etc., to ensure the investment strategy and expectations are structured to continue to meet clients' objectives.

Reviews are performed by the client's team of investment advisors, which include Matthew M. Delduchetto, Michael W. Delduchetto, Marc H. Ohler, Brendan C. Herlihy, Wayne D. Wetzel, Thomas S. Drumm, David N. Leggett and Kimberly L. Leggett. The review process is overseen by Marc H. Ohler, CFA, Managing Director and Chief Compliance Officer, and Michael W. Delduchetto, President and Managing Director.

Clients are obligated to promptly notify us of any changes in their client's financial status to ensure that investment strategies continue to meet their client's changing needs.

### **Review Triggers**

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

### **Reporting**

We prepare periodic reports for clients which generally include holdings, performance and market information.

At least quarterly, the qualified custodian provides clients with an account statement for each client account, which may include individual holdings, cost basis information, deposits and withdrawals, accrued income, dividends, and performance. Depending on the qualified custodian selected, the client may or may not receive trade confirmations for each position bought and sold.

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

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### **Other Compensation for Advisory Services**

We do not receive any formal economic benefits (other than normal compensation) from any firm or individual for providing investment advice.

See disclosure in Item 12 regarding compensation, including economic benefits received in connection with giving advice to clients.

### **Compensation – Client Referrals – Solicitation Arrangement**

We may pay referral fees to independent solicitors for the referral of clients to our Firm. The referral fees represent a share of the investment advisory fee that we charge to our clients, but do not result in higher costs. Any client who is referred to us by a solicitor will be given a full written disclosure describing the terms and fee arrangements between us and the solicitor(s).

## **Item 15: Custody**

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Our number one goal is to ensure the safety of client assets. We do not have physical custody over client accounts or funds. Client assets shall be held in the custody of a bank, trust company or brokerage firm (“qualified custodian”) agreed upon by the client and the Firm. We do have forms of “constructive” or “deemed” custody as disclosed below.

### **Custody – Fee Debiting**

In certain circumstances, the client agreement authorizes us to deduct advisory fees directly from the client’s account at the qualified custodian. We send quarterly invoice information to the qualified custodian including the amount of the advisory fee and the account to be debited. The custodian is not responsible for verifying the amount or the calculation of the quarterly fee. The qualified custodian sends quarterly statements to the client indicating all amounts disbursed from the account including the amount of advisory fees paid directly to us.

### **Custody – First Party Money Transfers**

Clients may provide us with written ongoing authorization to Wire/ACH money between the client’s accounts held with the qualified custodian directly to an outside financial institution (i.e., a client’s bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client’s name and account number(s) at the outside financial institution(s) as required.

### **Custody - Access to Client Funds and/or Securities**

We have deemed custody over certain client assets as follows:

- When an employee personally acts as either a Trustee or Co-Trustee of a client portfolio.
- As a consequence of the authority granted under the terms and conditions of the client’s custodian contract to disperse funds or securities on the client’s behalf.

Given this “deemed custody” of client funds and securities, we have developed stringent internal controls and procedures over the custody function. In addition, we comply with the SEC’s Custody Rule, which requires an annual surprise examination conducted by an independent accountant.

### **Custody – Account Statements**

As described in Item 13, Review of Accounts, clients should receive at least quarterly statements from the qualified custodian that holds and maintains client’s investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that we provide to you. Our reports and statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16: Investment Discretion**

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We are typically granted discretionary authority by a client at the outset of an investment advisory relationship to determine the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client. Each client has a written Investment Agreement with us outlining the scope of our advisory relationship and discretion.

If we are not granted discretionary authority by a client, we consult with the client prior to each trade.

We do not have the discretion to hire an independent money manager without your written consent.

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

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Unless otherwise directed by a client in writing, we will assume responsibility for voting the proxies we receive from companies in which our clients have invested. We will vote proxies in accordance with the recommendations of management of the issuing company soliciting the proxy unless the portfolio manager for a client's account determines that it is not in the best interest of the client to do so. In those cases, the portfolio manager or Chief Investment Officer will vote the proxy in the manner he or she determines is in the best interest of the client taking into account the client's financial and non-financial goals, the status and history of the underlying investment, and the conditions of the market in which the issuing company operates.

A client may request a copy of our proxy voting record by contacting Marc H. Ohler, Managing Director and Chief Compliance Officer.



## **Item 18: Financial Information**

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We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.

We do not require prepayment of fees of both more than \$1,200 per client, and more than six months in advance; and therefore, is not required to provide a balance sheet to clients.