

# **Porter White Investment Advisors, Inc.**

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**March 22, 2022**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Porter White Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (205) 252-3681 or via e-mail at [ghwhite@pwco.com](mailto:ghwhite@pwco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Porter White Investment Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Porter White Investment Advisors, Inc. is 110876.

Porter White Investment Advisors, Inc. is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment filed March 16, 2021, we have the following material changes to report.

### IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"). When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

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## Item 4 Advisory Business

### Description of Firm and Services Provided

We are a registered investment advisor based in Birmingham, Alabama. We are organized as a corporation under the laws of the State of Delaware and we have been providing investment advisory services since 1995. We are a subsidiary of Porter White Companies, Inc. James H. White III is the majority owner of the Porter White Companies, Inc.

Our clients fall into four major categories:

- i. wealth management,
- ii. institutional,
- iii. retirement plan, and
- iv. financial planning

Wealth management includes individuals, personal trusts, estates, individual retirement accounts and the like. The institutional category includes governments, endowments, and for profit, non-profit and government corporations. Retirement plans include both defined benefit and defined contribution plans and may be either pooled or participant-directed. Financial planning is primarily done for individuals.

The following paragraphs describe our services. The descriptions of services are intended to be a complete description of the services available from Advisor. The services applicable to each client are described in a written client agreement.

As used in this brochure, the words "we", "our" and "us" refer to Porter White Investment Advisors, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Advisor Representative throughout this Brochure. As used in this Brochure, our Associated Persons or Investment Advisor Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account, subject to an approved asset allocation policy. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. Typically our discretionary authority is limited by an approved asset allocation policy and we secure approval for any trades outside of the approved asset allocation policy. Changes in the asset allocation policy are communicated to you in writing and are reflected in the written reports we send you, usually quarterly.

### *Wealth Management*

We offer discretionary portfolio management services in which our investment advice is tailored to meet our clients' needs and investment objectives.

1. Financial Planning and Consulting
  - a. *Personal Financial Review.* Meet with you to gather "suitability information" and determine financial situation, investment goals, risk tolerance, tax position, and any special circumstances. Information will be used to create a personal balance sheet. We will meet annually or as circumstances require to review goals and update information.
  - b. *Investment Policy Development.* Outline personal goals and constraints that will guide our investment plan. As your circumstances change, so will the policy.
  - c. *Retirement Goal Analysis.* Prepare analyses to determine likelihood of reaching

retirement goals and outline a plan to help you reach the goals.

- d. *Insurance, Tax, & Estate Planning.* Review other planning areas and make recommendations as necessary to protect your assets and maximize tax efficiency. We may also coordinate with other advisors and professionals.

## 2. Investments

- a. *Asset Allocation.* Recommend an allocation of investments in line with your goals and risk tolerance.
- b. *Investment Selection and Monitoring.* Recommend diversified investment options and monitor the performance of these selections over time.
- c. *Trading and Rebalancing.* Execute trades in line with agreed upon asset allocation policy and rebalance the account no less frequently than annually. Trades will be made to maximize tax efficiency where necessary.
- d. *Cash Management.* If needed, match assets with disbursement liabilities to manage cash flow needs.
- e. Report performance of account compared to a benchmark each quarter along with commentary on overall market conditions.
- f. *Account Servicing.* Facilitate initial account set up and transfers and serve as ongoing liaison between you and the Custodian to handle account maintenance.

We manage assets using an open architecture strategy. Asset allocations are determined by using the results of the initial risk assessment, continuous updating of account information and supervision of activity. The adviser makes recommendations that demonstrably are in the client's own best interests and based upon the client's needs and goals. The firm seeks to establish this personal dimension through active and ongoing discussion with clients and account supervision.

### *Institutional and Retirement Plan Accounts (Pooled)*

We act as fiduciary for your retirement or institutional investment account. We work with the investment committee to make recommendations consistent with the mission and circumstances of the institution and track adherence to the investment policy statement over time, updating the policy when situations change.

## 1. Planning

- a. *Financial Statement Review.* Analyze current financial position, including assets, liabilities, and disbursement needs.
- b. *Risk Assessment.* Determine the institution's tolerance for taking risk based on factors like financial position and institutional constraints. We like to know a minimum value that the account cannot fall below.
- c. *Investment Policy Development.* Use information gathered to outline an investment plan, goals, and constraints. We prepare statistical analyses and project likelihood of meeting goals.
- d. *Annual Review.* At least annually, we will review the investment policy statement and our adherence to its guidelines. In the review, we examine planned performance versus actual performance, taking into account variance in disbursements, contributions, and investment performance.

## 2. Investments (same scope as individuals and trusts)

## *Retirement Plans (Participant Directed)*

Our services for retirement plans as fiduciary are comprehensive and can begin by advising on the initial construction of the plan and continue through ongoing advisement of investment selections and employee education. We monitor performance of the plan and aim to achieve the same results as our other managed institutional accounts. The services described below are typically provided, but additional advisory or planning needs can be arranged and negotiated for an additional fee.

1. Plan Architect.
  - a. *Plan Design Review.* If a plan already exists, we will provide analysis on the current plan design and how effectively it is meeting your needs. If no plan is in place, we will work with you to design a new plan.
  - b. *Evaluate Record-Keeping & Custody Options.* We will examine different service providers and make a recommendation.
  - c. *Coordinate Plan Administration.* Ensure that services are transitioned smoothly and that day-to-day administration needs are being met.
  - d. *Employee Enrollment and Education.* Offer initial employee enrollment and education meetings and as needed thereafter. We aim to offer employee education that is understandable and emphasizes the importance of retirement saving.
2. Plan Fiduciary
  - a. *Investment Policy Development.* We develop an investment policy statement outlining plan goals in the context of plan document stipulations and restrictions.
  - b. *Annual Plan Review.* We examine plan performance, suitability of investments, and compliance with the investment policy statement. We also review plan expenses and employee activity, flagging activity that may need to be addressed.
3. Investments
  - a. *Selection and Monitoring.* Recommend diversified investment options and monitor the performance of these selections over time.
  - b. *Model Portfolio Development.* Recommend model portfolios that can be chosen by employees in which to invest their accounts. Several models will be developed to offer a variety of risk exposure.
  - c. *Rebalancing Policy.* Model portfolios will be rebalanced no less than annually or as model portfolios change.
  - d. *Reporting.* Plan account performance will be reported quarterly compared to a benchmark along with commentary on overall market conditions.

## *Financial Planning*

1. *Personal Financial Review.* We conduct a thorough "discovery meeting" to create a more detailed financial profile and determine goals, needs, and objectives. Topics discussed may include broader goals, important relationships and interests, a more complete accounting of your assets, liabilities and income sources, and other tax, insurance, legal and accounting advisors that you work with. Information will be used to create a personal balance sheet and guide the financial planning process.
2. *Retirement Goal Analysis.* Prepare analyses to determine likelihood of reaching retirement goals and outline a plan to help you reach the goals.
3. *Insurance, Tax, & Estate Planning.* Review other planning areas and make recommendations as necessary to protect your assets and maximize tax efficiency. We may also coordinate with other advisors and professionals.
4. *Asset Allocation.* Recommend an asset allocation of investments, if necessary, in line with your goals and risk tolerance.

5. *Financial Plan.* Assemble recommendations and a course of action for implementation with responsibilities outlined for Advisor and Client.

We offer fee-based financial planning. Advice is provided through consultation with the Client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. The specific services to be provided will be agreed upon in a separate agreement between us and the Client. Other professionals (e.g., lawyers, accountants, tax preparers, etc.) are engaged directly by the Client on an as-needed basis and may charge fees of their own.

We are a registered investment adviser and, in that capacity, may recommend securities products to meet the Client's needs and for which we will earn investment advisory fees for implementing the plan. This creates a conflict of interest since the recommendation of the securities products may be based on the incentive to receive the investment advisory fees rather than the needs of the Client. If the Client elects to act on any of recommendations, the Client is under no obligation to implement the plan through us.

### **Types of Investments**

We primarily offer advice on mutual funds. When suitable, we generally recommend no load mutual funds investing in equity and fixed income securities. We may also recommend fixed income securities with maturities we deem appropriate to the circumstances of the client. We generally do not purchase other securities for clients but may do so if suitable for the client. On occasion, clients may direct us not to sell or to delay the sale of low basis securities acquired prior to our firm assuming investment oversight over the account. In such cases, we will include the securities in our overall portfolio analysis and report but will provide only limited investment advice with regard to the merits of the individual security.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Refer to the Methods of Analysis, Investment Strategies and Risk of Loss below for additional disclosures on this topic.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"). When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;

- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **Assets Under Management**

As of December 31, 2021, we provide continuous management services for \$545,704,393 in client assets on a discretionary basis, and \$87,213,041 in client assets on a non-discretionary basis. We also manage \$24,687,681 in client assets on a non-continuous basis.

## **Item 5 Fees and Compensation**

Typically, we charge a global fee for all investment advisory services based on assets under management. In some cases where we are providing investment advisory services other than asset management, we may charge a fixed or hourly based fee. Our fees are negotiable based on the complexity and scope of services provided. We will not require prepayment of a fee more than six months in advance or in excess of \$750. Our fees for wealth management portfolio management services include the services described above and are based on a percentage of your assets we manage and are set forth in the following fee schedule:

### **Table 1: Wealth Management Fee Schedule**

Assets Under Management	Annual Fee
First \$2 million	1.00%
Next \$3 million	0.60%
Next \$5 million	0.50%
Next \$5 million	0.40%
Assets in excess of \$15 million	0.30%

(The minimum fee for Wealth Management is \$2,000 per quarter.)

For example, for an account with \$2.5 million, 1% would apply to the first \$2 million and 0.6% to the next \$500,000.

Our fees for institutional and retirement plan portfolio management services include the services described above, are based on a percentage of your assets we manage and are set forth in the following fee schedule:

### **Table 2: Institutional and Retirement Plan Fee Schedule**

Assets Under Management	Annual Fee
First \$1 million	0.95%
Next \$4 million	0.50%
Next \$5 million	0.40%
Next \$5 million	0.30%
Assets in excess of \$15 million	0.20%



(The minimum fee for Institutional and Retirement Plans is \$2,000 per quarter.)

For stand-alone financial planning services, we will charge an hourly or flat fee, depending on the facts and circumstances of the proposed engagement. The hourly fee for individuals ranges from \$150 to \$460 depending upon the level of services provided. Additionally, the flat fees for financial planning range from \$750 to \$1,250 depending upon the scope of the services. Fees for institutional consulting may be significantly higher based on the scope of work agreed to. In either case, the fee will be negotiated with the client prior to signing the agreement.

Fee schedules differing from those stated above that are incorporated in existing investment advisory agreements shall remain unchanged until such time as those agreements are amended.

Our annual portfolio management fee is billed and payable quarterly in arrears based on the value of your account on the last day of the quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. This written authorization is typically provided in the written investment advisory agreement among us. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon 30 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

We encourage you to reconcile our invoices with the statements you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statements, you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

In cases where services required are atypical, fees and fee-paying arrangements may differ, including cases where we may charge hourly or fixed fees. We may also provide additional types of retirement plan consulting services to plans on an individually negotiated basis. All such services will be based upon requirements of the plan fiduciaries (which may include additional plan-level or participant-level services), shall be detailed in a written agreement, and shall be consistent with the parameters set forth in the plan documents. Our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis. In no case will we require prepayment of a fee more than six months in advance or a payment in advance in excess of \$1,200. If an investment advisory agreement is terminated before the end of six months, we will rebate any advance payments to the extent that such payments exceed at time of termination the value of our services calculated at our standard hourly rates during the period work was performed times the hours expended according to our time records.

## **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the "Brokerage Practices" section of this brochure.

## **Compensation for the Sale of Securities**

Porter White Investment Advisors, Inc. does not provide advice or earn an investment advisory fee from any client on any security or transaction for which Porter, White & Company, Inc. receives compensation as a registered municipal advisor.

## **Compensation for the Sale of Securities or Other Investment Products**

Certain advisory representatives with our firm are registered representatives with Porter White Capital, LLC, an affiliated securities broker-dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons will receive commission-based compensation in connection with merger and acquisition activities.

Securities licensed individuals may have a financial incentive to recommend investment products. However, you are under no obligation, contractually or otherwise, to purchase such products through any person affiliated with our firm.

## **Item 6 Performance-Based Fees & Side-By-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to high-net-worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, governments and other business entities.

In general, we require a minimum of \$1,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### **Our Methods of Analysis and Investment Strategies**

We hold the view that investment performance in terms of risk and return is largely attributable to the asset classes in which one invests, and the selection of individual securities and market timing are not effective investment strategies and do not reliably result in risk adjusted returns in excess of appropriate benchmarks when expenses are taken into account. We generally buy and hold assets in accounts with the expectation that the value of those assets will grow over a relatively long period of time, generally greater than one year. We use historical data on the risk and return of different asset classes to simulate expected risk and return of portfolios. The inputs and results of simulations are adjusted to take into account current and expected financial conditions (e.g. historical inflation in price earnings ratios which might result in unrealistic expected returns if assumed to continue in the future). We use simulation analysis to help clients understand that there is a range of possible outcomes for any investment plan.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and various other suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, custodians and broker-dealers report the cost basis of equities acquired in client accounts. Unless advised otherwise, the custodian will use the tax sensitive accounting method as a default for calculating the cost basis of your investments. We will help you determine the appropriateness of alternative accounting methods, but you should consult your own tax advisor in making a decision on this issue. You are responsible for contacting your tax advisor to determine if an accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates, which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

## **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend mutual funds. However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

## **Mutual Funds, Exchange Traded Funds and Interval Funds**

Mutual funds and exchanged traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns.

Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors'.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Interval funds are a type of investment that periodically offers to repurchase its shares from shareholders. That is, the fund periodically offers to buy back a stated portion of its shares from shareholders. Shareholders are not required to accept these offers and sell their shares back to the fund. Legally, interval funds are classified as closed-end funds, however they are very different from traditional closed-end funds in that their shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on net asset value. Also, they are permitted to (and many interval funds do) continuously offer their shares at a price based on the fund's net asset value.

## **Item 9 Disciplinary Information**

Porter White Investment Advisors, Inc. has been registered and providing investment advisory services since 1995. Neither our firm nor any of our associated persons has any reportable disciplinary information.

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

### **Arrangements with Affiliated Entities**

We are affiliated with Porter, White & Company, Inc. (Porter White) through common control and ownership. Porter White generally does not solicit investment advisory clients for municipal advisory services.

### **Registrations with Broker-Dealer**

As previously disclosed, certain advisory representatives with our firm are also registered representatives with Porter White Capital, LLC, an affiliated securities broker-dealer, and FINRA/SIPC member.

**All sales-based compensation is separate and in addition to our advisory fees. Please see the *Fees and Compensation* section in this brochure for more information on the compensation received by securities registered representatives who are affiliated with our firm.**

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting our main office at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.

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

We do not have any soft dollar arrangements.



We recommend the brokerage and custodial services of Fidelity Brokerage Services LLC and its affiliate, National Financial Services LLC (together, "Fidelity"), securities broker-dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

Fidelity provides us with Fidelity's platform services. The platform services include, among others, computer software, brokerage, custodial, administrative support, record keeping and related services that support us in conducting business with Fidelity and in serving clients. In addition, Fidelity has negotiated discounts on the prices of other software services purchased by us from third parties that permit us to better advise clients on their investments.

We believe that Fidelity provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Fidelity, including Fidelity's reputation, financial standing, execution capabilities, commission rates, and responsiveness to our clients and our firm. Inasmuch as we do not employ security selection or market timing investment strategies, we do not rely on research supplied by Fidelity in managing portfolios.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent us from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Trade Aggregation**

We do not aggregate or combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "trade aggregation"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

## Item 13 Review of Accounts

A principal of our firm will review portfolio management accounts at least quarterly and more frequently if required. The review consists of monitoring of cash positions and status of portfolio with respect to asset allocation policies as well as transactions in the accounts.

We provide quarterly reports to clients that identify portfolio returns by month, quarter, year to date, and since inception, and provide information on risk adjusted returns for the portfolios, comparisons to benchmarks, and comparisons of actual asset allocations to approved policy. In addition, you will receive statements from the account custodian on at least a quarterly basis.

We will review and, if appropriate, update financial plans and related documents on at least an annual basis.

## Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Fidelity.

## Item 15 Custody

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. The periodic reports we provide to you also reflect the amount of advisory fee deducted from your account.

You should compare our reports with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact our main office at the telephone number on the cover page of this brochure.

The Securities & Exchange Commission ("SEC") believes that entering into a Standing Letter of Authorization ("SLOA") arrangement constitutes custody and the adviser is therefore required to comply with the custody rule. However, the adviser is not subject to an annual surprise audit if the advisor follows and satisfies the SEC's guidance provided in the SEC's no-action letter dated February 21, 2017. In all cases where we have an SLOA we will confirm compliance therewith.



## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our investment management agreement, a power of attorney, or trading authorization forms. Together, these agreements may give us discretion in the purchase and sale of securities in your account, subject to compliance with certain conditions that may include compliance with a written asset allocation policy.

You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that equity investments should not exceed specified percentages of the value of the portfolio. Please refer to the "Advisory Business" section in this Brochure for more information on our management services and the extent to which we are typically given discretion in the purchase and sale of securities in your account.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

## **Item 19 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice when there is a material change. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time. If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies, contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.