

# **BURNHAM & DELLS ADVISORS**

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December 31, 2021

This brochure provides information about the qualifications and business practices of Burnham & Dells Advisors. If you have any questions about the contents of this brochure, please contact us at (616) 940-9124. The United States Securities and Exchange Commission (“SEC”) has not approved or verified the information in this brochure, nor has any state securities authority.

Additional information about Burnham & Dells Advisors is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **SUMMARY OF MATERIAL CHANGES**

There have been no material changes since you received our last brochure.

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## **INTRODUCTION**

In this brochure, references to “we,” “us,” “our,” or “our firm” refer to Burnham & Dells Advisors (incorporated as RWB Capital Management, LLC). Individuals who serve as our directors, officers, and employees are referred to as our “representatives.” Our firm’s clients and prospective clients are referred to as “you,” “your” or “our clients.”

**This brochure contains important information. We encourage you to read it carefully and to ask questions if there is any information that you do not understand.** The format and content of this brochure have been prepared based on the instructions to Form ADV, Part 2A, which is prescribed for use by registered investment advisers under federal and state securities laws and related rules. Form ADV, Part 2A supersedes Form ADV, Part II.

## **ADVISORY BUSINESS**

We are a registered investment adviser founded by Robert W. Burnham in 2001. Registration is required by federal and state securities laws and does not imply a certain level of skill or training. Our representatives have substantial business experience and education in providing investment advice and investment management services for investors, as summarized in supplemental brochures that accompany this firm brochure. Our firm’s principal owners are Sandra L. Burnham and Carla M. Dells.

In 2010, we expanded the breadth, depth and scope of our services, as described below. We can act as an investment adviser, investment manager, pension or institutional investor consultant. Our compensation is fully transparent, disclosed below. Our compensation is wholly fee-based, avoiding conflicts of interest and biases faced by other advisory firms who are also compensated in other ways. This fundamental difference helps us put your interests first and foremost.

### **Advisory Services**

We primarily provide investment management services. Our services may include the creation, modification, and maintenance of investment policy statements used to manage our clients’ accounts. Through an investment policy statement, we will help you define your investment goals, risk tolerance, income needs, and service provider expectations. We also review, and can discuss with you, the investment criteria, investment and financial research, and other parameters that we use to select investment securities for your account. Once we have agreed upon an investment policy statement with you, we will purchase and sell securities for your benefit and risk.

We provide advisory services for individuals, institutions, such as foundations, endowments and employer sponsored pension and retirement plans, as well as high net worth individuals. For pension and retirement plans, we can act as a co-fiduciary with the plan’s trustees as outlined in Sections 3(21) and 3(38) of the Employee Retirement Income Security Act of 1976 (“ERISA”).

As of December 31, 2021, we managed clients' accounts valued at approximately \$386,284,866.00 on a discretionary basis.

The investment portfolios we manage may be comprised of various types of securities such as mutual funds, index funds and exchange traded funds; stocks and other equity securities; bonds and other fixed income securities; government and municipal securities; and options on publicly traded securities. We may offer advice about mutual funds, index funds, exchange-traded funds, and other types of securities that you may already hold.

While we manage most of our client's accounts based on similar investment strategies suitable for similar investment objectives, we will take your personal financial circumstances into account in formulating our advice and investment decisions. Based upon the information you provide, we will consider many factors such as your income and expenses, assets and other financial resources, financial or special needs, investment goals, anticipated investment time horizon, and other personal financial circumstances. If you have investments held in other accounts not under our management, we will take those investments into consideration if you tell us about them. In managing your account, we will take income tax planning into consideration if you provide us with your historical, current, and anticipated tax-related information. If you desire, we will coordinate our investment decision-making with your tax accountant or preparer. We rely upon you to keep us up to date about changes in your personal circumstances.

Our investment management agreement contains your authorization for us to manage your account on a discretionary basis. It also contains important terms and conditions governing our services, our fees, and our obligations to you.

## **FEES AND COMPENSATION**

Our fees are based on an annualized percentage of the market value of your portfolio's assets under our management. Our standard fee schedule for investment management services is:

### **Assets Under Management**

**0.75%**

Our fees will generally not be prorated with respect to additions to, or withdrawals from, your account during any quarter; however, fee adjustments may be made on a case-by-case basis when appropriate and in consultation with you. We appreciate advanced notice of anticipated additions or withdrawals so that we can better plan for the management of your account.

Our investment management fees are negotiable and agreed upon at the time of our engagement. We may negotiate our fees taking into consideration such things as the size of your account, the number of managed portfolios, your

relationship with other clients, the length of our relationship with you, the complexity of your personal circumstances, the composition of your portfolio, the complexity of investment strategies, the frequency of desired meetings or special reporting, and other factors that affect our cost of providing services for you. We may agree to a fixed management fee for certain accounts. If you, your family, or related persons also have accounts under our management, those accounts may be aggregated for fee calculation purposes. For these reasons, our fees may vary among clients who may appear to be in similar circumstances. Other investment advisers may charge higher or lower fees for comparable services.

Our fee schedule to consult and manage retirement plans established under Sections 401(k) and 403(b) of the Internal Revenue Code is:

<u>401(k) and 403(b) Fee Schedule</u>		
1 <sup>st</sup>	\$0 - 5,000,000	Up to but not exceeding 0.40%
Next	\$5,000,000.01 - 25,000,000	Up to but not exceeding 0.25%
Next	\$25,000,000.01 – 100,000,000	Up to but not exceeding 0.15%
Next	Over \$100,000,000.00	Negotiable

We bill our fees on 401(k) plans in arrears. We bill our fees on all other accounts quarterly or monthly, in advance, as specified in our investment management agreement with you. The value of investments, including bank deposits and cash balances, under our management will be based upon the values received from account custodians and from Interactive Data Pricing Services, an unaffiliated, subscription-based independent pricing service we use. We will not ourselves separately value, nor independently verify, the value of investments held in your account. Quarterly fees are based upon your portfolio balance as of the last trading day of the preceding month. When our services are engaged any time other than the beginning of a calendar quarter, our fees will be prorated.

In negotiating our fees for retirement accounts, we may take other factors into consideration that affect our cost of providing services to you. Those factors include such things as the plan's terms, conditions, current investment menu, number of participants, and other characteristics, as well as the composition of any existing investment portfolio. We may negotiate an annual fixed fee for plans with assets above \$25,000,000.

### **Direct Billing to Your Custodian**

You may pay our investment management fees either directly or our fees may be debited directly from your account custodian. Clients generally authorize us to bill their account custodian for our fees, and then have the fees deducted from their account and transferred to us when due. This fee deduction authorization is contained in our investment management agreement and/or a

separate authorization form. This fee deduction authorization may be terminated at any time by giving us written notice. If fees are not paid in this manner, your payment is due within 10 days following receipt of our invoice.

### **Third-Party Fees and Charges**

Besides our investment management fees, you will pay all brokerage charges related to securities transactions for your account and, if applicable, any custodian's fees.

Some of our investment strategies include mutual funds, index funds, exchange-traded funds and/or other types of funds. If you invest in a fund, you will be paying fund-level fees and charges that are in addition to our fees. Each fund's prospectus describes these fund-level fees and expenses. The additional fund-level fees may include, but are not limited to, a management fee, brokerage and custodian fees, other fund expenses, mortality and expense risk charge or possible distribution fee. We may recommend mutual funds that would normally charge a front-end sales load; however, our clients will not be subject to front end loads. Some mutual funds impose deferred sales charges for selling within a short time frame, sometimes up to a year; however, we do not recommend mutual funds as short-term investments, so deferred sales charges are unlikely to apply in most circumstances unless you choose to make a withdrawal and need to liquidate your shares in the fund. You could invest directly in many mutual funds without using our services and incurring our advisory fees.

### **Termination**

We look forward to a long-term relationship with you. In the event that you or we ever desire to terminate our relationship, 10 days' written notice is all that is required. You will automatically receive a prorated refund of fees paid for periods beyond the termination date.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge performance-based fees. We do not charge fees based on a share of your account's capital gains or the capital appreciation of assets held in your account.

## **TYPES OF CLIENTS**

We provide investment management services to individuals, high net worth individuals, pension and profit-sharing plans, 401(k) and 403(b) retirement plans, trusts, estates, and charitable organizations, and companies.

While we do not impose a minimum account size to engage our services, we may charge minimum annual fees of \$500 per account in order to cover our administrative costs in servicing an account.

## **METHODS OF ANALYSIS,** **INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

We mainly use a fundamental method to analyze the securities that we recommend as investments. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a company, as opposed to movements of its market price. In the course of our analysis, we will review a company's financial statements and consider factors including, but not limited to, the company's historical financial condition, prior operating results and trends, its projected revenue growth, its competitive advantages and disadvantages, the anticipated demand for its current and future products or services, the age and nature of its assets, and other factors affecting the company's anticipated results from future operations. Past performance does not assure similar future performance.

A company's fundamental value can be adversely affected by many factors unrelated to its actual operating performance. As a result, we will also consult various industry and technical resources to formulate an appropriate price, time, and strategy to take a position in a new security or an appropriate exit strategy to sell a security in your portfolio. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the movement of stock prices in the market, both individually and within an industry or sector of the economy. Technical analysis studies the supply and demand in the market in an attempt to determine historical and future trends. Notwithstanding favorable market price movements, a company's financial condition and other unique factors can adversely affect its value.

We obtain information from a number of sources both public and by purchase, including financial newspapers and magazines, our own inspection of corporate activities; research materials prepared by third-parties, corporate rating services, annual reports, prospectuses, filings with the SEC and company press releases. We also subscribe to industry resources such as JP Morgan, fi360, Credit Suisse and Dorsey Wright and Associates. We consult these resources as we make our investment decisions.

### **Investment Strategies**

Our investment strategies are designed with the needs and goals of the particular client. Thus, depending on the client's circumstances, we may recommend long-term purchases (held at least a year), short-term purchases (held less than a year) and options. We may recommend implementing these strategies using stocks and other equity securities, bonds and other fixed income securities, government and municipal securities, option contracts, and sometimes other types of investments.

For self-directed retirement plans, we typically recommend the use of model investment portfolios, along with a menu of individual mutual funds that are used to create the models, which helps guide investment decision-making by the plan's participants. Most self-directed retirement plans offer participants a menu of available mutual funds. Typically, our plans offer participants



the choice of selecting one model portfolio or selecting a portfolio mix from the individual fund lineup. We develop our own model portfolios for this purpose. Typically, these model portfolios are risk-based and may be generally categorized as: aggressive, growth, balanced, conservative, and low risk. Some plans already offer model investment portfolios provided by other registered investment advisers and, if desired, those plans may be able to continue using those models after engaging our services but may incur additional costs to do so. We are not responsible for the composition or use of third-party model portfolios, but we may give you our professional advice about them.

When a model investment portfolio is selected for use, investments are purchased or sold in the account to match the asset allocation and/or securities held in that model. When the composition of the model portfolio changes, then securities are purchased or sold in the account to track with the changes in the model. The account-level changes are typically made by the plan's custodian and are automatically applied to the accounts of all participants who have elected to be managed under that model. Depending on the terms of the plan, participants are typically permitted to change the model portfolio selection used to manage their self-directed accounts.

When and to the extent that a model portfolio is used to manage an account, the investment decisions will be driven by changes in the asset allocation in the model, without regard to your personal circumstances. This means that your custodian will make the same changes to all accounts managed under the model and without specific consideration of a plan participant's personal circumstances or other investments.

Upon your request, we would be pleased to further explain and provide additional information about the model portfolios we use and how they work in managing your account or in guiding self-directed retirement plan participants.

### **Investment Risks and Rewards**

Our investment strategies are oriented towards long term growth. Generally, we invest in individual companies that have a superior market history when compared to its peers, and historic ranges. The equities we consider for investment must have an above average earning potential. Where appropriate, we also look for companies with a global presence. We attempt to manage portfolio risk by emphasizing high standards of quality, appropriate diversification and limited volatility relative to the market.

Investing in securities involves risks of loss that clients should be prepared to bear. Securities, mutual funds, fixed and variable annuities, and other types of investments all bear different types and levels of risk. These risks will be discussed with you to determine the investment objectives that will guide our investment decision-making for your account. Upon request, we can discuss with you the types of investments and investment strategies that we believe may tend to reduce these risks in light of your personal circumstances and financial objectives.

Obtaining higher rates of return on investments typically entails accepting higher levels of risk. Based upon discussions with you, we will attempt to identify the balance of risks and rewards

that is appropriate and comfortable for you. It is still your responsibility to ask questions if you do not understand fully the risks associated with any investment or investment strategy.

We strive to render our best judgment on your behalf. Still, we cannot assure you that your investments will be profitable or assure you that no losses will occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance. While we will continuously strive to provide outstanding long-term investment performance for you and our other clients, many economic and market variables beyond our control can affect the performance of your investments.

There are many types of risks, which vary with the type of investment or strategy. We would be happy to discuss them with you. Generally, some of the more common investment-related risks that may affect your investment portfolio include:

- Business risks are associated with a particular company or industry. For example, start-up companies carry greater business risks than established companies. Companies developing new technologies carry greater business risks than manufacturers of well established or widely used products and services.
- Financial risks are often associated with the ability of a company to raise capital or finance its operations, as well as its ability to repay indebtedness. Highly leveraged companies face greater financial risks than well-capitalized companies.
- Market risks are related to the effects of economic, political, natural disasters, or other events on the price of a publicly-traded stock, bond, exchange-traded fund, or other securities. This type of risk is typically affected by extrinsic factors that often are not related to a particular company's financial condition, performance, or circumstances. For example, investment speculation can materially affect market prices.
- Liquidity risks are associated with an investor's ability to readily convert a security or other asset into cash. Generally, there is greater liquidity for securities that are publicly traded on stock exchanges or trading facilities that match buy and sell orders. Privately offered securities may be highly illiquid because there is little or no trading or market activity.
- Concentration risks result from a lack of investment diversification, which may be expressed in terms of geography, industry, or economic sector. For example, investing a high percentage of a portfolio in companies serving one sector of our economy increases its concentration risk. Advancements in technology, new product development, government tax and fiscal policy, or changes in consumer buying habits and preferences could significantly affect all of the companies operating in a particular economic sector more than others.
- Options are complex, derivative securities that involve special risks. Option contracts expire at a stated maturity date and have no further value. Unlike traditional securities, the

value of an option and the return from holding an option varies with the value of the underlying security from which it derives and other factors.

- Interest-rate risks are associated with changes to investment prices due to increasing or decreasing interest rates. For example, when interest rates rise, yields on newly issued bonds become higher, making them more attractive than yields on already outstanding bonds, which may cause the market values of outstanding bonds to decline.
- Inflationary and deflationary risks are associated with the purchasing power of the dollar, which is affected by broad economic, monetary, governmental policies, and the balance of supply and demand for products and services.
- Reinvestment risks are typically related to fluctuations in the potential interest rate at which future investment proceeds may have to be invested. For example, reinvestment risks may increase during periods of falling interest rates. This risk primarily relates to bonds and other fixed income securities.
- Currency risks are primarily associated with foreign investments. For example, a company's earnings in a foreign country may be affected by fluctuations in the value of the dollar against that foreign currency. Similarly, the investment return of a foreign security may be affected by changes in currency exchange rates.

### **Initial Public Offerings**

We have adopted a New Issue Policy to promote the fair allocation of new issues among our client accounts, to articulate our general strategy for investing in new issues, and to disclose the risks inherent in these investments. Our New Issue Policy applies both to initial public offerings (IPOs) and to additional offerings of issues already publicly traded (i.e., secondary offerings).

On occasion, because of our clients' custodial relationships, we have access to a limited quantity of IPO shares. In such event, our practice is to allocate the shares to client accounts that are:

- Held at a brokerage firm that is part of the underwriting group; and
- Qualified for the specific IPO based upon the client's investment objective, risk tolerance, financial situation, asset allocation, and other relevant factors.

Generally, we do not have access to enough IPO shares in any individual issue to allocate them to all client accounts that meet the above criteria. Traders maintain a log of the allocation of past IPO issues to client accounts. Portfolio managers who allocate IPO shares refer to this log to avoid systematic favoring of one client over another.

We generally view IPO's as short-term trading opportunities. We may make exceptions for IPO's that meet our long-term investment criteria.

We recognize that IPO issues are subject to additional risks beyond those of securities purchased on an exchange. These may include, but are not limited to:

- Offer price does not represent market price;
- Possible lack of liquidity;
- Potentially unproven business model; and
- Competition from established rivals.

We regularly have access to secondary offerings through our relationships with various brokerage firms. Our practice is to allocate the shares using the same criteria as for IPO issues. Unlike with IPO's, shares may be purchased on a secondary offering for accounts held at a financial institution other than a brokerage firm. We view secondary offerings as long-term investments.

### **DISCIPLINARY INFORMATION**

We have no legal or disciplinary events to disclose. As a registered investment adviser, we are required to disclose to you all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither our Firm nor our representatives are engaged in any other business that is material to our investment advisory business. We have no affiliations with other service providers such as broker-dealers, other investment advisers, banks, or custodians.

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We have adopted a Code of Ethics describing the standards of business conduct we expect our firm and our representatives to follow. It imposes certain reporting requirements for our representatives. Our Code of Ethics helps us to assure that our firm and our representatives will act in your best interests.

Our Code of Ethics is designed to: (1) protect our clients by deterring misconduct; (2) educate our employees regarding the firm's expectations and the laws governing their conduct; (3) remind our representatives that they are in a position of trust and must act with honesty, integrity and professionalism at all times; (4) protect our firm's reputation; (5) guard against violations of the securities laws and rules; (6) establish procedures for representatives to follow to assure compliance with our firm's ethical principles.

Our representatives must comply with all applicable securities laws and rules. Our representatives may not, in the connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client: (1) defraud the client in any manner; (2) mislead the client, including by making a statement that operates as a fraud or deceit upon such client; (3) engage in

any act, practice, or course of conduct which operates as a fraud or deceit upon such client; (4) engage in any manipulative practice with respect to such client; (5) engage in any manipulative practice with respect to securities, including price manipulation.

You may request a copy of our Code of Ethics by contacting our firm at the address or telephone number given on the cover page.

### **Putting Clients First**

Our Code of Ethics includes a Personal Securities Trading Policy. Among other things, that policy requires our representatives to abide by policies and procedures for personal securities trading. Generally, we do allow our representatives to trade for their own personal and immediate family (i.e., spouse and minor children), in a security actively purchased or sold on behalf of our clients, but we have safeguards that are intended to put clients' interests first. We require that all client orders be placed and filled before any comparable orders are placed for personal accounts in the same publicly-traded security. For example, this means that clients' buy orders are placed and filled before personal buy orders; similarly, clients' sell orders are placed and filled before personal sell orders. Under some circumstances, we may further require that personal trades be placed a minimum period of time after clients' trades. We prohibit any and all trading on inside information.

We also monitor personal trading activity for conduct that is inconsistent with our clients' interests. Our clients and our representatives generally trade in widely-held, publicly-traded securities. The volume of our clients' and personal trading is typically a very small percentage of a security's daily trading volume, which mitigates the risk that any client account might be disadvantaged, or a personal account inappropriately advantaged by our trading activities.

## **BROKERAGE PRACTICES**

You may grant us discretion to select the brokerage firms to use in buying and selling securities for their portfolios. We will use our best efforts to negotiate brokerage commissions, concessions, and charges on behalf of your account. We seek to obtain the best execution for your account by which your total cost or proceeds will be more favorable under the circumstances, which may include other factors beyond price and cost.

You are also free to select one or more custodians to hold your investments. When your custodian is a broker-dealer, we typically ask for your direction to use that brokerage firm to execute all trades for the account because of the efficiencies and convenience of doing so and additional custodial charges that may be incurred if a different custodian is used. Therefore, your selection of custodians may materially affect our ability to obtain the lowest price or cost in any particular transaction. Most of our clients choose to direct us to use a specific broker-dealer and custodian. We periodically check with various brokerage firms about their commissions, concessions, and charges.

We use many different brokerage firms for various clients' accounts. We have many clients who choose to use Charles Schwab & Co., Inc. and Fidelity Brokerage Services LLC, as brokerage firms.

Fidelity Brokerage Services LLC and Charles Schwab & Co, Inc. provide us with "institutional platform services." These services primarily include, among others, brokerage, custody, and other account-related services. The institutional platform services assist us in managing and administering your account. The platform includes software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution for multiple clients accounts at the same time; (iii) provides research, pricing, and other market data; (iv) facilitates payment of fees from clients' accounts; and (v) assists us with some back-office functions, recordkeeping and client account reporting.

They also offer other services intended to help us manage and further develop our professional practice. Those services include, for example, performance reporting, financial planning, contact management systems, third-party research, compliance and other publications, access to educational conferences, roundtables, and webinars, practice management resources, access to consultants, and other third-party service providers who offer a wide array of business-related services and technology with whom we may contract directly. These services are offered to all qualifying investment advisers whose clients have Fidelity and Schwab accounts. We are not affiliated with Fidelity or Schwab.

Fidelity and Schwab generally do not charge our clients separately for custody services but, instead, they are compensated through the brokerage commissions and other transaction-related or asset-based fees for your securities trades that are executed through them or that settle into your accounts. For example, compensation may include brokerage commissions, sales charges, and other payments described in each mutual fund's prospectus.

### **Directed Brokerage**

You are welcome to select your preferred brokerage firm and/or custodian for your account. You may elect to direct us to use a specific brokerage firm because, for example, you have a pre-existing relationship with the broker. All directed brokerage requests and changes must be provided to us in writing. From time to time, we may ask you to confirm your continuing direction to use a brokerage firm to handle all of your orders. We are not affiliated with any brokerage firm and so we do not earn any additional compensation on brokerage transactions.

Many clients select a brokerage firm because it also provides custodial services, either directly or through a clearing brokerage firm. Often, a brokerage firm does not impose additional charges for related custody services. Most brokerage firms do not separately charge for their custodial services if you use their brokerage services. However, when the brokerage services of a different firm are used for a particular transaction, most custodial brokerage firms charge an additional fee because they must handle the custodial aspects of the transaction and related recordkeeping but do not receive compensation from the transaction itself. Therefore, most clients direct us to use

the same brokerage firm to both hold custody of their investments and to place most or all trade orders for their accounts.

While directed brokerage can reduce or avoid additional custodial fees for your account, there are some disadvantages to directed brokerage arrangements such as:

- Using a brokerage firm to act as custodian may limit or eliminate our ability to obtain best price and execution for the account in some transactions involving exchange-traded securities.
- We negotiate commissions with each brokerage firm and, in many instances, obtain better than those firms' standard rates for comparable transactions. However, if we cannot choose a different brokerage firm to handle specific transactions, then in some transactions you may pay substantially higher brokerage fees, charges and/or dealer mark-ups or mark-downs than could be obtained if we could have placed the trade with a different brokerage firm.
- When we are not able to go directly to a market maker to buy or sell a particular security on a principal basis, you may not get the best execution price in the transaction or may pay additional transaction-related fees for a transaction handled on their behalf on an agency basis. This is because your brokerage firm may fill the orders by going to a market-making contra broker, who may mark-up the securities it sells (or mark-down the securities it buys), imposing transaction costs that are in addition to the commissions you pay to the brokerage firm that serves as your custodian.
- When trades in exchange-listed securities are effected on an agency basis in an off-exchange over-the-counter market, you may incur transaction costs in addition to any commissions charged by your custodial brokerage firm.

### **Investment Research and "Soft Dollars"**

If we have discretion to select among brokerage firms for your securities transactions, we consider not only the commission rate charged but also other factors. Other factors may include the broker's execution capabilities, financial responsibility and responsiveness to instructions, as well as the full range of services provided by the broker, including research and custodial services. Accordingly, when we use a particular broker for your account, you may pay higher commissions than another broker may charge for transactional services alone, in recognition of the additional services provided. Nonetheless, we determine in good faith that the amount of commissions paid is reasonable in relation to the value of the brokerage and research services provided, viewed in terms of either a particular transaction or our overall responsibilities to discretionary accounts. We must also determine that the services we receive provide lawful and appropriate assistance in performing our investment decision-making responsibilities.

Research products and services we receive as a result of commissions paid by one client account may be used to service all our accounts, clients and personal, including accounts that may or may not have directed their brokerage transactions to that firm. We have not entered into formal

contractual third-party “soft dollar” arrangements. “Soft dollar” arrangements generally refer to the practice of placing securities transactions through a brokerage firm in return for that brokerage firm’s providing or paying for products or services in addition to execution services, which may create a potential conflict of interests.

We may receive investment-related products and/or services from brokerage firms that could be used for client-related investment research and our own administrative purposes. We attempt to reasonably allocate between these purposes, so that the firm does not inappropriately benefit. The research portion may be paid in clients’ brokerage commissions while the administrative portion will be paid or reimbursed by the firm in cash.

### **Best Practices Policy**

For each custodial institution we use, we have developed a Best Practices Policy designed to evaluate the overall level of custodial services, including transaction execution abilities and costs. We consider factors including commission rates, record keeping, custodial services, and account fees. We evaluate brokers based on research, and client referrals. These services may create a potential conflict of interest for us.

Nonetheless, our goal is for you to receive the best services at the lowest costs. We are unbiased in our selection of brokerage firms for your account. We intend that this selection be based upon an appropriate balance between the lowest cost and the best service for your account.

As a result of these potential conflicts of interest, we require you to understand and acknowledge in writing the following practices:

- If you are referred to us by a broker, it is our practice to execute all trades through the referring broker, regardless of that broker’s ability to obtain best price and execution.
- This creates a conflict of interest between our acting in your best interest to obtain best price and execution, and our interest in executing your transactions through the referring broker, regardless of the circumstances, in order to benefit from continued referrals.
- You always have the choice to use the broker who referred you to us, or to pick another broker with potentially lower commissions and/or fees.
- If you have no pre-existing brokerage relationships or preference in selecting a custodian for your account, we will discuss our analysis and ranking of custodians that we use.
- Clients’ trades that are directed to a broker that supplies investment-related research and/or other execution-related services may pay commissions that are higher than if those trades were directed to a broker who does not.



## **REVIEW OF ACCOUNTS**

### **Reviews and Reviewers**

Generally, we review all of our accounts every 15 to 30 days. We believe this frequency of review is vital. We may review accounts more frequently if circumstances warrant, such as significant economic or political events or developments.

Accounts are reviewed by Robert W. Burnham, Carla M. Dells, Sandra L. Burnham and Adam R. Trask. Reviews are important to better assure that your investments are and remain in sync with your investment objectives. Reviews are conducted for individuals, high net worth individuals, institutions and qualified retirement plans.

### **Reports and Account Statements**

We will provide you with portfolio appraisal reports on a quarterly basis. These reports show all of the securities you then hold, the number of shares, your cost basis, and their current value. Upon request, we also provide reports showing all transactions in your account for the quarter. Additional reports are available upon your request.

Our periodic reports are in addition to your custodian's periodic account statements. Your custodians will also provide periodic account statements showing the current positions in your account and all account activity during the preceding period. We rely upon, and are not responsible for, the accuracy of the custodian's account statements.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

We may pay solicitors for referrals of prospective clients. A contracted solicitor may receive up to 50% of our annual billings for a specified period for any account referral directly attributable to the referral. If you were referred to us by one of these solicitors, you should have received a copy of this firm brochure and a separate solicitor's disclosure brochure describing our relationship with the solicitor. You will also be asked to sign that disclosure statement acknowledging the referral fees we will pay the solicitor.

## **CUSTODY**

While we do not have physical custody of the assets held in your account, as described under the heading above, "*Fees and Compensation*," our contracts give us the limited authority to deduct our management fees from your account. This fee-deduction authority gives us the limited ability to withdraw money from your account, but only to deduct management fees, and so is deemed to constitute "custody" of your account assets. We have no other authority to withdraw or transfer assets from your account. Therefore, under Form ADV Part 1, Item 9A, we indicate that we do not have "custody" of your account in any other respect.

Your account assets must be maintained by an independent qualified custodian. You should receive at least quarterly, account statements from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. Your custodian's statements are in addition to our reports. We urge you to carefully review and compare our reports with your custodian's account statements for consistency and accuracy. Do note that our reports and the custodian's account statements may be as of different dates and there could be minor differences between the values contained the respective reports. Promptly contact us or your custodian if you find material differences between our reports and the custodian's account statements or if you have any questions.

### **INVESTMENT DISCRETION**

As explained under the heading above, "*Advisory Business*," in our investment management agreement you grant us discretionary authority over your account, including authority to select the identity and amount of securities to be bought or sold for your benefit and risk. Our discretion will be exercised in accordance with your stated investment objectives.

You may provide us with written investment guidelines or restrictions to limit our discretionary authority or we may develop an investment policy statement with you.

### **VOTING CLIENT SECURITIES**

We will vote proxies on your behalf unless you reserve those rights to yourself in writing. SEC Rule 206(4)-6 addresses our fiduciary obligation to vote proxies in your best interest and to provide you with information about how your proxies are voted.

Our policy is to monitor all corporate actions of companies whose securities are held in our client accounts. When a proxy ballot is received in the mail, it is given directly to an investment advisor representative for evaluation to the extent necessary to cast an informed vote. Our only consideration when we vote proxies is our clients' best interest. If a conflict of interest arises, we inform each affected client to obtain his or her consent before voting. If a conflict exists and you do not provide us with such written direction, we will not vote the proxy. We maintain a record of proxy materials and votes cast.

You may obtain a copy of our complete proxy voting policies and procedures upon request. You may also request information about how we voted any proxies on behalf of your account.

### **FINANCIAL INFORMATION**

We have no financial liabilities, obligations, or commitments that impair our ability to meet our contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding.

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