

# **FIRM DISCLOSURE BROCHURE**

Form ADV Part 2A

March 15, 2022

# GREEN SQUARE

## **Green Square Capital Advisors, LLC**

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This brochure provides information about the qualifications and business practices of Green Square Capital Advisors, LLC, formerly named Green Square Capital, LLC (hereinafter “GS,” “Green Square,” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm’s Chief Compliance Officer, Michael L. Bates, at the number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about GS is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). GS is an independent, federally registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, Green Square is required to discuss any material changes which have occurred since the Firm's last annual amendment filed April 29, 2021. The following changes have been made since that date:

As of January 1, 2022, Michael L. Bates is the designated Chief Compliance Officer for Green Square.

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## **Item 4. Advisory Business**

### **Description of the Firm**

Founded in 2001 as Green Square Capital, LLC, Green Square Capital Advisors, LLC (“Green Square”, “GS”, or the “Firm”) is an independent boutique wealth management firm focused on providing cash flow oriented investment strategies for families, endowments, foundations, family offices and custodians. As of January 31, 2019, the Firm’s sole owner is Steven W. Sansom, and upon said date, the entity previously operating under the name Green Square Capital, LLC, began operating under the name Green Square Capital Advisors, LLC.

### **Financial Planning and Consulting Services**

GS provides its clients with a broad range of comprehensive financial planning and consulting services, which includes any or all the following (without limitation):

- Financial Plan Maintenance
- Trust & Estate Planning
- Retirement Planning
- Cash Flow Analysis
- Consolidated Reporting
- Wealth Transfer
- Charitable Giving
- Tax Planning

These services are generally made available to clients along with portfolio management as part of a comprehensive wealth management engagement.

In performing its services, Green Square is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. GS may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if GS recommends its own services. The client is under no obligation to act upon any of the recommendations made by GS under a financial planning or consulting engagement or to engage the services of any such recommended professional, including GS itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of GS’s recommendations. Clients are advised that it remains their responsibility to promptly notify GS if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising GS’s previous recommendations and/or services.

The terms of conditions of each advisory relationship, including the specific services to be provided and fees to be charged, are forth in a written investment advisory agreement between GS and the client(s) (the “Advisory Agreement”).

### **Investment Management Services**

Green Square manages client assets on both a discretionary and non-discretionary basis. In accordance with a client’s investment objectives, time horizon and risk tolerance, GS constructs and manages diversified portfolios of mutual funds, exchange-traded funds (“ETFs”), individual

debt and equity securities, options, separate account managers, and/or private placements (e.g., hedge funds, private equity, etc.). The Firm may also advise on a client's legacy holdings or held-away assets, such as concentrated stock positions, employer-sponsored retirement plans, annuities and/or 529 plans.

### **Management of Pooled Investment Vehicles**

GS will maintain informal oversight to several pooled investment funds organized as individualized series of Green Square Private Investment Partners, LLC, a series limited liability company. Each series is considered a private investment fund and has its own segregated assets and liabilities (collectively, the "PIP Funds"). The PIP Funds have been created for the purpose of aggregating client capital into pass-through entities which provide access to managers or investments with high minimums. GS generally does not charge additional advisory fees to clients invested in the PIP funds; however, certain administrative, audit and operational fees are passed through to end clients/investors.

An investment in the PIP Funds is only available to clients who meet the accreditation standards and investor qualifications set forth in the appropriate private placement memorandum, investor/operating agreement and/or subscription documents (collectively, the "Offering Documents"). A PIP Fund investment involves a significant degree of risk, and a more complete explanation of the pertinent risk factors, conflicts of interest and other terms and conditions associated with such an investment are contained in the Offering Documents.

### **Client Tailored Engagements**

Green Square tailors its advisory services to the individual needs of clients. GS consults with clients initially and on an ongoing basis to determine liquidity and income needs, risk tolerance, time horizon and other factors that may impact their investment objectives. Clients are advised to promptly notify GS if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Green Square's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in GS's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Wrap Fee Programs**

GS does not sponsor nor serve as a portfolio manager under any wrap fee programs.

### **Assets Under Management**

As of December 31, 2021, Green Square had approximately \$1,266,427,624 in assets under management, of which \$1,073,161,048 was managed on a discretionary basis and \$193,266,577 was managed on a non-discretionary basis.

## **Item 5. Fees and Compensation**

### **Financial Planning and Consulting Fees**

In limited situations, Green Square may charge a fixed fee to provide clients with stand-alone financial planning and/or consulting services. These fees are negotiable, based upon the level and scope of the services to be rendered, and memorialized in the Advisory Agreement. If the client engages GS to perform additional advisory services, the Firm may agree to offset all or a portion of its fee accordingly. GS generally requires half of the fee upfront and the remaining due upon delivery of the financial plan or completion of the services.

### **Investment and Wealth Management Fees**

Green Square provides investment and wealth management services for an annual fee based upon a percentage of the assets placed under its management. The annual fee, which varies between 10 and 150 basis points (0.10% to 1.50%) is prorated and charged quarterly either in advance or in arrears. The fee calculation is based on the average daily balance for the previous three months.

In addition to the standard asset-based fee described above, the Firm (or an affiliate) may also agree to provide services in return for performance-based compensation tied to the capital gains or capital appreciation attributable to a specific account or asset(s).

### **Fee Discretion**

GS, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

### **Fees Charged by Other Financial Institutions**

Green Square's investment advisory fees are separate from and in addition to the fees and expenses charged by other third parties, which include but are not limited to:

- Expenses incurred in connection with managing client investments, including securities brokerage commissions, interest, custodial, trustee, wire transfer, and other administrative fees and expenses.
- Management and/or performance fees and other related expenses charged by fund or separate account managers used in a client's portfolio.
- Fund administration, audit, accounting, tax, and other operating expenses.
- Attorneys', accountants' and consultants' fees and disbursements.
- Taxes and other charges levied against the client by the government; and

- Insurance, regulatory and litigation expenses related to the maintenance of client portfolios.

Clients who invest in the PIP Funds may be subject to other fees and expenses not explicitly addressed above, as described in the appropriate Offering Documents.

### **Fee Debit**

The Advisory Agreement generally authorizes GS to directly debit clients' accounts for payment of its advisory fees. Any qualified custodians recommended by GS have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GS. Alternatively, clients may elect to have Green Square send an invoice for payment.

### **Fees for Management During Partial Periods of Service**

For the initial period of wealth/investment management services, the fees are calculated on a pro rata basis. The Agreement between GS and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. GS's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to GS's right to terminate an account. Additions may be in cash or securities provided that Green Square reserves the right to liquidate any transferred securities or decline to accept securities into a client's account. Clients may withdraw account assets on notice to GS, subject to the usual and customary securities settlement procedures. However, GS designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. GS may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level and/or tax ramifications.

### **Commissions or Sales Charges for Recommendations of Securities**

Green Square does not receive any commissions or transaction fees associated with its investment management services. No individuals associated with GS are registered representatives of a broker-dealer.

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

Under certain circumstances, GS may negotiate to provide services under a performance-based compensation arrangement, which is remuneration that is based on a share of capital gains on or

capital appreciation of the assets of a client. Performance-based fees will only be charged to client's that are qualified based upon the requirements set forth in the Investment Adviser's Act of 1940, as amended. The client should be aware that the existence of a performance-based fee structure may create a conflict of interest in that GS may have an incentive to take a greater degree of risk to generate a greater investment return thereby increasing any such performance-based fees.

Additionally, when GS and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Firm and its investment personnel have a greater incentive to favor client accounts that pay Green Square performance-based compensation or higher fees. However, GS has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. GS reviews investment decisions periodically to assess whether accounts with substantially similar investment objectives are treated equitably. In addition, GS's procedures relating to the allocation of investment opportunities require that, to the extent possible, similarly managed accounts participate generally in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the client orders are price averaged.

## **Item 7. Types of Clients**

GS provides services to affluent individuals and families, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, business entities and pooled investment vehicles. The Firm does not impose a minimum portfolio size or minimum annual fee.

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

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

GS utilizes statistical analysis and proprietary liability planning tools in order to identify what it believes to be a client's proper position on the risk/return continuum. Discussions with the firm's clients, families, and advisors provides the Firm with information regarding the client's current assets, liabilities, income sources, expenditures, and current tax status, and allows Green Square to aid the client in defining their risk tolerance and future income needs. Once this has been determined the firm invests its clients' capital in the appropriate asset allocation model based upon their individual needs and circumstances. Capital is invested over multiple asset classes with different weightings to achieve the appropriate projected risk and return. Each client's



model is reviewed for rebalancing periodically to ensure that the firm's clients are invested in accordance with their objectives.

The model allocations are determined by service teams within Green Square with a breadth of experience in the capital markets. The service teams determine the asset classes and weightings for each model and select the investment vehicles utilized in the implementation based upon internal due diligence and third-party research providers and/or consultants.

While GS believes that this type of portfolio diversification affords clients an added level of protection from overexposure to any one asset class, it also ensures that portfolios are subjected to a variety of asset classes that may prove volatile during a given period.

### **Risks of Loss**

Investing in securities involves risk, including the potential loss of principal, and past performance may not be indicative of future results. There can be no assurance that any particular investment or strategy will prove profitable, and clients/investors should be prepared to bear losses.

#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary

market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Market Risks*

The profitability of a significant portion of Green Square’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that GS will be able to predict those price movements accurately.

### *Use of Independent Managers*

GS may recommend the use of third-party separate account managers for certain clients. The Firm will continue to conduct ongoing due diligence of such managers, but such recommendations rely, to a great extent, on a manager’s ability to successfully implement their investment strategy. In addition, GS does not have the ability to supervise the outside managers on a day-to-day basis.

### *Use of Private Collective Investment Vehicles*

Green Square may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *Commodity Risk*

Investing in commodity-linked derivative instruments may subject the client’s portfolio to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index

volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political and regulatory developments.

#### *Derivatives Risk*

The risk of investing in derivative instruments includes liquidity, interest rate, market, credit, and management risks, mispricing or improper valuation. Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index, and a portfolio could lose more than the principal amount invested.

#### *Concentration Risk*

Concentrating investments in a particular country, region, market, industry, or asset class means that performance will be more susceptible to loss due to adverse occurrences affecting that country, region, market, industry or asset class.

#### *Use of Margin*

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Green Square in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Green Square will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to Green Square. Accordingly, the decision as to whether to employ margin is left totally to the discretion of the client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

## **Item 9. Disciplinary Information**

Green Square is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. GS does not have any required disclosures in relation to this Item.

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

### **Private Investment Vehicles**

Prior to January 31, 2019, the Private Funds were under common control with Green Square; however, the managing member of the series LLC will no longer be affiliated with the Firm, as part of the management separation described in Item 2 of the ADV update filed in March of 2019. GS will still retain informal oversight to the Private Funds, but the primary manager(s) will be governed by the departing GS team. Many of GS's clients are and will continue to be invested in the Private Funds and Green Square or its affiliate may be entitled to additional compensation, as fully described in the Offering Documents.

### **Schwab Advisor Network®**

The Firm is a participant on the Schwab Advisor Network® referral platform. This relationship is more fully described in item 14.

### **Outside Business Activities**

Green Square's Principal, Steven W. Sansom, serves on the BBH Capital Partners ("BBHCP") Executive Advisory Council (the "EAC"). BBHCP is the private equity fund family office of Brown Brothers Harriman & Co. ("BBH"). Prior to being appointed to the EAC, GS invested some client funds in BBHCP private equity funds, including BBH Capital Partners IV.

In his role on BBHCP's EAC, Mr. Sansom provides services as an independent consultant to BBHCP. These services include, among others, assisting the BBHCP team in sourcing private equity investment opportunities and providing introductions to potential customers, vendors, acquisition targets, etc. As compensation for these services, Mr. Sansom receives a monthly retainer, has the ability to earn a success fee on investment opportunities introduced by Mr. Sansom, and has the opportunity to co-invest with BBHCP without having to pay any management fees or carried interest investors/clients would normally pay. Certain clients of Green Square also participate in BBHCP related investment vehicles alongside Mr. Sansom.

Mr. Sansom is a member of Worthington Capital Management, LLC ("Worthington"), a Delaware limited liability company that manages private funds and offers model investment portfolios in separate account format. Worthington provides discretionary investment advisory services to two private funds – Convergence Value Partners Fund, LP, a Delaware limited partnership (the "Feeder Fund") and Convergence Value Partners Master Fund Limited, a Cayman Islands exempted company (the "Master Fund", and collectively the Master Fund with the Feeder Fund is referred to herein as the "Funds"). Mr. Sansom is or controls the general partner of the Funds, which are managed in accordance with the investment objectives, strategies, restrictions, and guidelines found in the investment memorandum. Green Square and Worthington have an agreement under which Worthington provides model portfolio management services to Green Square. Worthington will manage the model portfolios in the same manner as it manages the Convergence fund. Green Square may elect to manage its client accounts using the model

portfolio recommendations of Worthington and will pay fees to Worthington based on the amount of its client assets in the model portfolios. Green Square, and not Worthington, will be solely responsible for executing trades in its client accounts managed according to the Worthington models. Clients should be aware that Green Square will execute trades in its client accounts managed according to the Worthington model after Worthington has executed the same or similar trades in the Convergence fund account.

Mr. Sansom's affiliation with Worthington and the Funds presents a conflict of interest in that there exists a financial incentive to recommend client investments in the model portfolios and/or the Funds. GS seeks to ensure that any such recommendations are made in clients' best interest and not a product, in whole or in part, of this arrangement and corresponding conflict.

## **Item 11. Code of Ethics**

Green Square has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. GS's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of GS's personnel (called "Access Persons") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings, initial coin/token offerings). However, GS Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless the transaction has been completed; the transaction for the Access Person is completed as part of a block trade with clients; or a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

As described above in Item 10, Green Square may recommend client investments in the fund managed by Worthington. This presents a conflict of interest as Steve Sansom has a financial interest in the fund. Mr. Sansom receives compensation from the fund as a member of its general partner.

Generally, single-facet cryptocurrencies and related digital assets are not considered securities and are therefore not directly subject to the Code of Ethics' requirements. However, initial coin offerings and similar such transactions often do involve a securities component and are subject to the preapproval requirements set forth above.

Clients and prospective clients may contact Green Square's Chief Compliance Officer at the number on the cover of this brochure to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

As referenced in Item 5, Green Square generally recommends that advisory clients utilize the custody, brokerage and clearing services of Schwab. Factors which GS considers in recommending Schwab or any other broker-dealer/custodian to clients include their respective financial strength, reputation, execution, pricing, research, and service. Schwab provides discounted brokerage rates and enables the Firm access to many mutual funds and ETFs without transaction charges and other securities at nominal transaction charges.

The commissions paid by GS's clients comply with GS's duty to seek "best execution" for client transactions. Clients may pay commissions and transaction charges that are higher than another broker-dealer might charge to affect the same transaction, if GS determines that the costs are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a custodian's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. GS seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

GS periodically and systematically reviews its policies and procedures regarding its recommendation of custodians considering its duty to obtain best execution.

### **Client Directed Brokerage**

The client may direct Green Square in writing to use a particular custodian or broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that custodian, and GS will not seek better execution services or prices from other broker-dealers or be able to aggregate or "block" client transactions for execution through other broker-dealers with orders for other accounts managed by GS (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would

otherwise, be the case. Subject to its duty of best execution, GS may decline a client's request to direct brokerage if, in GS's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

Client transactions are affected independently unless GS decides to purchase or sell the same securities for several clients at approximately the same time. GS may (but is not obligated to) block such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among GS's client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among GS's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Green Square determines to aggregate client orders for the purchase or sale of securities, including securities in which GS's Supervised Persons may invest, GS generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the SEC. GS does not receive any additional compensation or remuneration as a result of the aggregation. In the event that GS determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, GS may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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

Consistent with obtaining best execution, brokerage transactions are occasionally directed to certain broker-dealers in return for investment research products and/or services which assist RIAs in their investment decision-making process. However, GS currently receives no research or other products or services in connection with transactions in client accounts ("soft dollar benefits.") GS does, however, receive economic benefits from Schwab as described in the following section. The receipt of investment research products and/or services as well as the

allocation of the benefit of such investment research products and/or services poses no conflict of interest because GS does not have to produce or pay for the products or services.

### **Software and Support Provided by Custodians**

Green Square may receive from Schwab, without cost to the Firm, computer software and related systems support, which allow GS to better monitor client accounts maintained at the respective firm. GS may receive the software and related support without cost because GS renders investment management services to clients that maintain assets at Schwab. The software and related systems support may benefit GS, but not its clients directly. In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that GS's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence GS's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

### **Schwab Institutional**

Green Square may receive the following benefits from Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## **Item 13. Review of Accounts**

### **Account Reviews**

For those clients to whom GS provides investment management services, GS monitors those portfolios as part of an ongoing process while regular account (or investment holding) reviews are conducted on at least a quarterly basis. For those clients to whom GS provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of GS's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GS and to keep GS informed of any changes thereto. GS contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Performance reports are prepared not less than annually and are provided to Clients as requested. Clients should compare the account statements they receive from their custodian with



those they receive from GS. Those clients to whom GS provides financial planning and/or consulting services will receive reports from GS summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by GS.

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

### **Economic Benefits**

GS is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. GS does not receive economic benefits from a third party for providing advisory services.

### **Client Referrals**

The Firm may from time-to-time enter into arrangements with certain third parties for referrals of prospective investors. In this situation, GS will enter into a written agreement with the third party and will pay such solicitors a referral fee in accordance with the requirements of the Investment Advisers Act of 1940, as amended. This requires such solicitors to provide referred prospects with a written disclosure statement which details the terms of the referral relationship, including the compensation to be paid.

### **Participation in Schwab Advisor Network®**

Green Square receives client referrals from Schwab through the Firm's participation in Schwab Advisor Network®. The service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Green Square. Schwab does not supervise Advisor and has no responsibility for GS's management of clients' portfolios or Advisor's other advice or services. Green Square pays Schwab fees to receive client referrals through the Service. The Firm's participation in the Service may raise potential conflicts of interest described below.

Green Square pays Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab and a non-Schwab custody fee on all accounts that are maintained at, or transferred to, another custodian. The participation fee paid by Green Square is a percentage of the fees the client owes to GS or a percentage of the value of the assets in the client's account, subject to a minimum participation fee. GS pays Schwab the participation fee for so long as the preferred client's account remains in custody at Schwab. The participation fee is billed to Green Square quarterly and may be increased, decreased or waived by Schwab from time to time. The participation fee is paid by GS and not by the client. The Firm has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Green Square charges clients with similar portfolios who were not referred through the Service.

Green Square generally pays Schwab a non-Schwab custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does

not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The non-Schwab custody fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The non-Schwab custody fee is higher than the participation fees an adviser generally would pay in a single year. Thus, Green Square will have an incentive to recommend that client accounts be held in custody at Schwab.

The participation and non-Schwab custody fees will be based on assets in accounts of Green Square's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, the Firm will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Green Square's fees directly from the accounts.

For accounts of GS's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Green Square's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, GS may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Green Square, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Green Square's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

## **Item 15. Custody**

GS does not maintain physical custody of client funds or securities. Certain clients provide Green Square with the ability to invoice their custodian for payment of the Firm's advisory fees, which results in a form of constructive custody. The custodians where client accounts are custodied have agreed to send statements to clients, at least quarterly, indicating all amounts disbursed from their accounts, including the amount of advisory fees paid directly to GS. Clients should carefully review the statements sent directly by the custodians and compare them with any reports, statements or other materials received from the Firm.

Additionally, the Private Funds are audited by an independent auditing firm, which is both registered with and overseen by the PCAOB, and investors are provided with audited financial statements within 120 days of their respective fiscal year ends.

## **Item 16. Investment Discretion**

GS may be given the authority to exercise discretion on behalf of clients. GS is considered to exercise investment discretion over a client's account if it can affect transactions without first having to seek the client's consent. GS is given this authority through a power-of-attorney included in the Advisory Agreement. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

Specifically, Green Square may be engaged to assume discretion over the following activities:

- The securities to be bought or sold;
- The amount of securities to be bought or sold;
- The timing and nature of securities transactions;
- The broker-dealers engaged to effect transactions;
- The separate account managers to be engaged;
- The amount of capital to be allocated to the separate account managers; and
- The commissions and transactions charges to be paid to a broker-dealer to affect a trade.

Additionally, GS also provides investment management and advisory services to clients on a non-discretionary basis pursuant to the specific terms of the Agreement. In those situations, GS must either seek the client's approval prior to implementing its recommendations or rely on the client to execute transactions for the account on which it is advising.

## **Item 17. Voting Client Securities**

Per the terms of the Advisory Agreement, Green Square retains the authority to vote client securities (i.e., proxies) on their behalf. GS has engaged Broadridge, an independent company, to develop and administer a proxy voting policy which is designed to maximize shareholder value. This policy sets forth non-binding guidelines, based on majority trends, for how proxies will be voted based on the specific proposal type. For example, Broadridge will generally vote for management's proposal to approve an acquisition or issue shares in connection with an acquisition. Similarly, Broadridge will generally vote against a shareholder proposal to limit executive compensation. The policy addresses hundreds of different situations and is broken down by priorities, policy rule name, applicable region, condition, and vote instruction.

Green Square has established an internal Proxy Voting Committee which oversees the relationship with Broadridge and the manner in which client securities are voted. The Proxy Voting Committee meets as needed to review Broadridge's policy, then in effect, and to review historic voting activities. The Proxy Voting Committee also monitors conflicts of interest to

determine whether a departure from the standard policy (e.g., recusal) is necessary in order to neutralize or mitigate the impact of such conflict.

## **Item 18. Financial Information**

GS is not required to disclose any financial information pursuant to this Item as the Firm (i) does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance, (ii) does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and (iii) has not been the subject of a bankruptcy petition at any time during the past ten years.